

SIEMENS

Annual Report 2000

India

Our people
- Our strength



Highlights

Siemens Ltd.

	1997-98	1998-99	1999-2000
○ Orders Received	8383	12740	11920
○ Sales	9959	10506	10833
○ Profit before Tax	-466	381	946
As % of Sales	-5%	4%	9%
○ Profit after Tax	-560	351	840
As % of Sales	-6%	3%	8%
Net Worth per share	63.55	68.50	79.89
Earnings per Share	-19.73	12.37	23.88
○ Dividend	—	—	224
Dividend %	—	—	65%
Debt/Equity Ratio	1.3:1	0.52:1	0.15:1
○ Investment in Fixed Assets	342	317	86
No. of Employees	5228	4604	4342
No. of Shareholders	44012	46434	58758

○ Rs. millions

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Siemens Ltd.

Notice

NOTICE is hereby given that the Forty-third Annual General Meeting of the Shareholders of Siemens Ltd. will be held at Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 on Friday, 15th December, 2000 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

Adoption of Annual Accounts, Directors' Report and Auditors' Report

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended on 30th September, 2000 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.

Declaration of dividend

2. To declare a dividend.

Re-appointment of Directors retiring by rotation

3. To appoint a Director in place of Dr. F. A. Mehta, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. P. M. Thampi, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Harminder Singh, who retires by rotation and is eligible for re-appointment.

Appointment of Auditors

6. To appoint M/s. Bharat S Raut & Co., Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorise the Board of Directors / Audit Committee of Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

Re-appointment of Mr. S. R. Patri as a Whole-time Director and payment of remuneration to him

7. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions of the Companies Act,

1956, the Company hereby accords its approval to the re-appointment of Mr. S. R. Patri as a Whole-time Director of the Company with effect from 23rd December, 1999 upto 31st March, 2000 on the terms and conditions, including those relating to remuneration as set out under Serial No. 1 of the Explanatory Statement annexed to this Notice."

Appointment of Dr. K. Wucherer as a Director

8. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Article 110 of the Articles of Association of the Company, Dr. K. Wucherer, who was appointed by the Board of Directors vide Resolution passed by Circulation dated 19th September, 2000 as an Additional Director with effect from 1st October, 2000 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company and shall not be liable to retire by rotation nor be included amongst the number of Directors liable to retire by rotation."

Appointment of Mr. H. Gelis as a Director

9. As an Ordinary Resolution:

"RESOLVED that Mr. H. Gelis be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

Appointment of Mr. H. Gelis as an Executive Director

10. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, the Company hereby accords its approval to the appointment of Mr. H. Gelis as the Executive Director of the Company for a period of five years with effect from 1st January, 2001 on the terms and conditions, including those relating to remuneration as set out under Serial No. 6 of the Explanatory Statement annexed to this Notice."

Appointment of Mr. N. J. Jhaveri as a Director

11. As an Ordinary Resolution:

"RESOLVED that Mr. N. J. Jhaveri, who was appointed by the Board of Directors at the Board

Meeting held on 9th November, 2000 as an Additional Director with effect from 9th November, 2000 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

Payment of Commission to Non-executive Directors

12. As a Special Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 309 and other applicable provisions of the Companies Act, 1956, such sum by way of commission, not exceeding in the aggregate 1% (one percent) per annum or such other percentage as may be specified from time to time in this regard, of the net profits of the Company computed in the manner referred to in Section 309(5) of the Companies Act, 1956, for each of the five financial years of the Company commencing from 1st October, 1999, be paid to such Directors of the Company (other than the Managing Director, Executive Director and Whole-time Directors) as may be determined by the Board of Directors from time to time."

Increase in remuneration of Mr. J. Schubert, Managing Director

13. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. J. Schubert, Managing Director, as approved by the Shareholders at the 39th Annual General Meeting held on 6th September, 1996 and at the 41st Annual General Meeting held on 18th January, 1999, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

Increase in remuneration of Mr. W. A. Kroll, Executive Director

14. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and

other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. W. A. Kroll, Executive Director, as approved by the Shareholders at the 40th Annual General Meeting held on 19th December, 1997, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment i.e. upto 31st December, 2000, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

Increase in remuneration of Mr. A. B. Nadkarni, Whole-time Director

15. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. A. B. Nadkarni, Whole-time Director, as approved by the Shareholders at the 40th Annual General Meeting held on 19th December, 1997, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

Increase in remuneration of Mr. Harminder Singh, Whole-time Director

16. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. Harminder Singh, Whole-time Director, as approved by the Shareholders at the 41st Annual General Meeting held on 18th January, 1999, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

**Increase in remuneration of Mr. O. P. Narula,
Whole-time Director**

17. As an Ordinary Resolution:


"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. O. P. Narula, Whole-time Director, as approved by the Shareholders at the 42nd Annual General Meeting held on 21st January, 2000, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

**Increase in remuneration of Mr. C. R. Sahu,
Whole-time Director**

18. As an Ordinary Resolution:

"RESOLVED that, pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, and in partial modification of the remuneration payable to Mr. C. R. Sahu, Whole-time Director, as approved by the Shareholders at the 42nd Annual General Meeting held on 21st January, 2000, the Company hereby accords its approval to an increase in the remuneration payable to him with effect from 1st October, 2000 for the balance period of his term of appointment, as per details given under Serial No. 6 of the Explanatory Statement annexed to this Notice."

By Order of the Board of Directors



Ashok P. Jangid
Corporate Secretary

Registered Office:
130, Pandurang Budhkar Marg
Worli, Mumbai 400018
Mumbai
Monday, 13th November, 2000

Notes:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, must be received by the Company at the Registered Office not less than 48 hours before the Meeting.

- (b) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Items No.7 to 18 of the Notice is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 28th November, 2000 to Friday, 15th December, 2000, both days inclusive for the purpose of payment of dividend.
- (d) The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid at par on or after 28th December, 2000 to those Shareholders whose names appear on the Company's Register of Members as holders of Equity Shares on 15th December, 2000. In respect of Shares held in demat mode, the dividend will be paid on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- (e) Shareholders holding Shares in demat mode may please note that their bank details, as furnished by the respective Depositories to the Company, will be printed on their dividend warrants as per the applicable Regulations of the Depository. Further, instructions if any, given by them in respect of Shares held in physical mode will not be automatically applicable to the dividend payable on Shares held in demat mode. Shareholders may, therefore, give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants. The Company will not act on any direct request

from these Shareholders for change/deletion in such bank details.

- (f) To ensure expeditious credit of dividend and to avoid fraudulent misuse, delay or loss of dividend warrants in transit, the Company has provided a facility to the Shareholders for receipt of dividend by means of electronic transfer. Shareholders holding Shares in physical mode are requested to intimate their mandate to the Registrar and Share Transfer Agent - MCS Ltd. in the ECS Mandate Form, which has been sent to you along with this Annual Report.
- (g) In terms of the amendment to Section 205A and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed their dividend warrants for the year 1995-96 are requested to contact the Registrar and Share Transfer Agent - MCS Ltd. Unpaid/unclaimed dividend for earlier years has already been transferred to the General Revenue Account of the Central Government.
- (h) Shareholders who have not encashed their Rights Issue 1999 refund warrants are requested to contact the Registrar and Share Transfer Agent - MCS Ltd.
- (i) Consequent to the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make a nomination in respect of Shares held by them. Shareholders desirous of making a nomination are requested to send their requests in Form No. 2B to the Registrar and Share Transfer Agent - MCS Ltd.
- (j) Shareholders desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Corporate Secretary at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.

Explanatory Statement

As required by Section 173 of the Companies Act, 1956 in respect of Items of Special Business mentioned in the Notice.

1. Resolution No. 7

Mr. S. R. Patri was appointed as a Whole-time Director of the Company for a period of five years with effect from 4th September, 1992. With the approvals of the Shareholders given at the 40th Annual General Meeting held on 19th December, 1997 and the Central Government, he was re-appointed with effect from 4th September, 1997 upto 22nd December, 1999, i.e. till the date of his retirement from the Company. Therefore, his term would have expired on 22nd December, 1999.

Management was of the opinion that Mr. Patri's services and contribution to bring about further improvement in the operations and performance of the Company was required until the end of March, 2000. Therefore, subject to the approvals of the Shareholders and the Central Government, by passing a Resolution by Circulation on 21st December, 1999, the Board of Directors re-appointed Mr. Patri as a Whole-time Director with effect from 23rd December, 1999 upto 31st March 2000 on the same terms and conditions including those relating to remuneration as approved by the Shareholders at the 40th Annual General Meeting held on 19th December, 1997.

The Abstract of Terms and Memorandum of Interest dated 7th January, 2000 in this regard was sent to the Shareholders pursuant to Section 302 of the Companies Act, 1956.

Approval of the Shareholders under Section 269 read with Schedule XIII of the Companies Act, 1956 is required for appointment of a Whole-time Director and for payment of remuneration to him. Hence, the Board of Directors commends Resolution No.7 for your approval.

Consequent to the completion of his term, Mr. S. R. Patri has ceased to be a Director of the Company with effect from 1st April, 2000.

None of the Directors is interested in the Resolution.

2. Resolution No. 8

As per the provisions of Article 110 of the Articles of Association of the Company, Siemens AG shall

be entitled to appoint its own nominee as a Director of the Company. Such Director and his successor in office shall be called a 'Special Director' and shall not be bound to retire by rotation nor be included amongst the number of Directors liable to retire by rotation.

This position was being occupied by Dr. G. Wilhelm who resigned from the Directorship of the Company following his retirement from Siemens AG with effect from 1st October, 2000. Consequently, Siemens AG has nominated Dr. K. Wucherer as a Director in place of Dr. G. Wilhelm.

The Board of Directors, vide Resolution passed by Circulation dated 19th September, 2000, appointed Dr. Wucherer as an Additional Director of the Company with effect from 1st October, 2000. As per Section 260 of the Companies Act, 1956 an Additional Director holds office upto the date of the Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 from some Shareholders signifying their intention to propose the appointment of Dr. Wucherer as a Director of the Company.

Dr. Wucherer is 56 years of age. He is a Member of the Corporate Executive Committee of Siemens AG and has been assigned special responsibility for the Automation and Drives Group (A&D), the Industrial Projects and Technical Services Group (ATD), Top + and the Economic Region - Asia and Australia. He does not hold any other Directorship in India.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company and, hence, commends Resolution No. 8 for your approval.

The Memorandum and Articles of Association may be inspected at the Registered Office of the Company on any working day from 10 a.m. to 4 p.m.

None of the Directors, other than Dr. K. Wucherer, is interested in the Resolution.

3. Resolutions No. 9 and 10

Mr. W. A. Kroll was appointed as the Executive Director for a period of five years with effect from 1st September, 1997. However, he has been called back by our parent company, Siemens AG from 1st January, 2001 to take up another assignment. Therefore, he submitted his resignation from the

Directorship of the Company with effect from 1st January, 2001 and the same has been accepted by the Board of Directors at the Board Meeting held on 9th November, 2000.

Considering the importance of the office of Executive Director, Siemens AG recommended the appointment of Mr. H. Gelis for this post. The proposal was considered and approved by the Board of Directors at its Meeting held on 9th November, 2000. Accordingly, Mr. Gelis has been appointed as the Executive Director of the Company with effect from 1st January, 2001 for a period of five years, subject to the approvals of the Central Government and the Shareholders, on the terms and conditions including those relating to remuneration as given under Serial No. 6 below.

The Company has received notices under Section 257 of the Companies Act, 1956 from some Shareholders signifying their intention to propose the appointment of Mr. Gelis as a Director of the Company.

Mr. Gelis is 41 years of age. He received a Degree in Telecommunication Electronics in 1979 from Ennepe Ruhr College, Witten, Germany. He completed one year of study in Micro and Macro Economics at the University of California, Berkley, USA in 1987. He received a Bachelor of Science Degree in Business Administration in 1989 from the University of Phoenix, San Jose, California.

He joined Siemens in 1976 and since then he has worked in various senior positions in the areas like audit, risk management, accounts, finance, purchasing, marketing, etc.

Presently, Mr. Gelis does not hold any other Directorship in India.

The Board of Directors is confident that his vast knowledge and experience will be of great value to the Company. Hence, the Board of Directors commends Resolutions No. 9 and 10 for your approval.

None of the Directors is interested in the Resolutions.

4. Resolution No. 11

Mr. N. J. Jhaveri was appointed as an Additional Director of the Company with effect from 9th November, 2000 by the Board of Directors at its Meeting held on the same day. As per Section 260 of the Companies Act, 1956 an Additional Director holds office upto the date of the Annual

General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 from some Shareholders signifying their intention to propose the appointment of Mr. Jhaveri as a Director of the Company.

Mr. Jhaveri is 65 years of age and is an eminent economist. After completing his degree in Economics from Gujarat University, he obtained his Master's Degree from the London School of Economics. After teaching Economics at Ahmedabad and a brief stint with NCAER, he joined RBI. He then joined ICICI as Chief Economist in 1974 and rose to the position of Joint Managing Director of ICICI. In 1993, he moved to I-Sec, a joint venture investment bank between ICICI and JP Morgan, as Executive Chairman. He is currently associated with Kotak Mahindra Capital Company, a joint venture between Kotak Mahindra Group and Goldman Sachs.

He is on the Board of several companies. He also serves as the Chairman of the IMC Economic Research and Training Foundation. Apart from giving frequent talks on subjects related to Indian finance and capital market, he writes frequently for Indian economic dailies.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and, hence, commends Resolution No. 11 for your approval.

None of the Directors, other than Mr. N. J. Jhaveri, is interested in the Resolution.

5. Resolution No. 12

At the 36th Annual General Meeting held on 10th September, 1993 the Shareholders had given their approval for payment of commission to all the Directors (other than the Managing Director, Executive Director and the Whole-time Directors) for a period of five financial years commencing from 1st April, 1993 i.e. upto the financial year ended on 30th September, 1998. Accordingly, the Non-executive Directors were paid commission upto the financial year 1995-96 as the Company made sufficient profits. No commission has been paid to the Non-executive Directors for the financial years 1996-97 (18 months), 1997-98 and 1998 - 99 in view of the losses incurred by the Company. The Company has recorded a good profit for the year ended on 30th September, 2000. In

appreciation of their contribution in achieving a turnaround, it is proposed that the Non-executive Directors be paid, for the services they have rendered / will be rendering to the Company, remuneration by way of commission not exceeding in the aggregate 1% (one percent) per annum or such other percentage as may be specified from time to time in this regard, of the net profits for that year computed in the manner referred to in Section 309(5) of the Companies Act, 1956 for each of the five financial years of the Company commencing from 1st October, 1999. This remuneration will be distributed amongst such of the Non-executive Directors and in such proportion as the Board of Directors may decide.

Approval of the Shareholders under Section 309(4) of the Companies Act, 1956 is required for payment of commission, if any, to the Directors. Hence, the Board of Directors commends Resolution No.12 for your approval.

None of the Directors, other than Dr. F. A. Mehta, Mr. S. K. Thackersey, Mr. D. C. Shroff, Mr. Y. H. Malegam, Mr. P. M. Thampi, Dr. K. Wucherer and Mr. N. J. Jhaveri, is interested in the Resolution.

6. Resolutions No. 13, 14, 15, 16, 17 and 18

The last revision in the remuneration of the Managing Director, Executive Director and Whole-time Directors of the Company took place with effect from 1st October, 1996. Further, in view of the losses made by the Company during the financial years 1996-97 (18 months), 1997-98 and 1998-99, they were also not paid any commission for these years.

In appreciation of their dedicated efforts which contributed in achieving a turnaround, and having regard to the increased responsibilities for improving the Company's performance in a competitive market, the Board of Directors, at its Meeting held on 9th November, 2000, approved an increase in the remuneration payable to the Managing Director, Executive Director and Whole-time Directors with effect from 1st October, 2000. To achieve better performance, it is proposed to pay them remuneration by way of Performance Linked Incentive based on specific goals mutually set and approved by the Board of Directors / Remuneration Committee of Directors. The details of the proposed remuneration are as under:

Proposed remuneration with effect from 1st October, 2000:

I. Salary:

The Board of Directors / Remuneration Committee of Directors will fix the Salary of each Director and his increment, within the following Salary Grades from time to time.

Salary Grade:

Rs.125,000 - Rs.250,000 (for Managing Director)

Rs.75,000 - Rs.200,000 (for Executive Director and Whole-time Directors)

II. Overseas Allowance:

Rs.20,000 p.m. for each expatriate Director viz. Mr. J. Schubert, Mr. W. A. Kroll and Mr. H. Gelis.

III. Perquisites:

- i. In addition to the above, they shall also be entitled to perquisites and allowances like furnished accommodation or house rent allowance / stay in hotel in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for self and family; club fees; medical insurance; and such other perquisites and allowances restricted to 125% of their Annual Salary.

For the purpose of calculating the above ceiling, the perquisites and allowances shall be valued as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.

- ii. Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of the ceiling on perquisites.
- iii. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly

or together are not taxable under the Income Tax Act; Gratuity payable as per the Rules of the Company and encashment of leave at the end of tenure shall not be included in the computation of the ceiling on perquisites.

Expatriate Directors viz. Mr. J. Schubert, Mr. W. A. Kroll and Mr. H. Gelis are not entitled to (iii) above.

In addition to the above, expatriate Directors viz. Mr. J. Schubert, Mr. W. A. Kroll and Mr. H. Gelis are also entitled to the following perquisites which shall not be included in the computation of the ceiling on perquisites:

- a. Children's education allowance

In case of children studying in or outside India an allowance limited to a maximum of Rs.15,000 per month per child or actual expenses incurred, whichever is less, is admissible. Such allowance is admissible upto a maximum of two children.

- b. Holiday passage for children studying outside India / family staying abroad

Return holiday passage is admissible once a year by economy class to children from the place of their study abroad to India and to the members of the family from the place of their stay abroad to India, if they are not residing with him.

- c. Reimbursement of expenses incurred on joining duty and returning to home country after completion of tenure

Actual expenses incurred on travel and on packing, forwarding, loading or unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of the personal effects for self and family for joining duty in India may be allowed in case these have not been claimed from the previous employer. After completion of the tenure, such expenses may also be allowed if he is finally leaving the employment of the Company. In case he is joining another branch of the same/ related multinational company, the branch to which he is transferred should bear these expenses.

d. Leave travel concession

In case it is proposed that the leave be spent in the home country instead of anywhere in India, return passage may be allowed for self and family in accordance with the Rules specified by the Company.

IV. Performance Linked Incentive

They shall also be entitled to remuneration by way of Performance Linked Incentive based on the specific goals mutually set and approved by the Board of Directors / Remuneration Committee of Directors from time to time.

V. Commission

They shall also be entitled to remuneration by way of Commission, as may be decided by the Board of Directors / Remuneration Committee of Directors from time to time. The amount of it based on the net profits of the Company in a particular year shall be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956.

Minimum Remuneration

Notwithstanding anything hereinabove, where in any financial year during the currency of their tenure as Managing Director/Executive Director/Whole-time Directors, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of Salary, Overseas Allowance, Perquisites and Performance Linked Incentive as Minimum Remuneration to them.


No sitting fees shall be paid to them for attending the Meetings of the Board of Directors or any Committee thereof.

Mr. W. A. Kroll, Executive Director has resigned from 1st January, 2001 and the same has been accepted at the Board Meeting held on 9th November, 2000. Accordingly, the increase in his remuneration is for the period from 1st October, 2000 to 31st December, 2000.

This explanation together with the accompanying Notice is to be regarded as an Abstract of the Terms and Memorandum of Interest pursuant to the provisions of Section 302 of the Companies Act, 1956.

Mr. J. Schubert, Mr. W. A. Kroll, Mr. A. B. Nadkarni, Mr. Harinder Singh, Mr. O. P. Narula and Mr. C. R. Sahu are interested individually in their respective Resolutions. None of the other Directors is interested in any of these Resolutions.

By Order of the Board of Directors



Ashok P. Jangid
Corporate Secretary

Registered Office:
130, Pandurang Budhkar Marg
Worli, Mumbai 400018
Mumbai
Monday, 13th November, 2000

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Chairman's Statement



Dear Shareholders,

Today, as I write to you, I do so with a feeling of fulfillment. It is after a prolonged and painstaking journey of four years, that your company has once again found its place of pride amongst the comity of India's most successful companies. This was possible because of the unfailing support, understanding and cooperation of all our stakeholders; because of the continued faith that customers had in our products and services; because of the untiring efforts put in by all the employees – Workers, Staff and Officers; and most importantly, because of you, our respected shareholders, who have reposed your trust and confidence in our leadership.

A special word of appreciation and gratitude for the entire Management Team led by Mr. Schubert, Mr. Kroll and supported by the Corporate and Executive Management, who have indeed fulfilled the promise made. Despite all odds against them, in particular, the harsh external conditions, which I will deal with later, they swiftly spearheaded the entire operations, bringing your company once again back on track.

While we have thanked all our individual shareholders, let us not forget to thank our biggest single shareholder, namely, Siemens AG. Throughout this period, in all the restructuring that we have undertaken in so many areas,

our Parent Company has stood by us not just in words, but in many practical ways. It is therefore incumbent on us that we register upfront our gratitude to our Parent Company, Siemens AG.

The results declared this year have been indeed satisfactory. For the year ended September 30, 2000, Siemens has posted an all time high profit after tax of Rs.840 million, representing a handsome jump of 139% over the last year. The Turnover has remained steady at Rs.10832 million as against Rs.10506 million last year; the Order Book stood at Rs.11920 million; where as the Unexecuted Order Value rose by 20% over the last year to Rs.8237 million. In view of this result, the Board has therefore recommended a dividend payment of Rs.6.5 per share (65%) comprising : an ordinary dividend of Rs.3.5 per share (35%) and a special dividend of Rs.3.0 per share (30%). The special one-time dividend proposed is an expression of gratitude for the support and understanding that you, as our shareholders have demonstrated, in the years of difficulty, when the company was not in a position to make dividend payments.

Not a Promising Year:

Has the time come for us to unscrew the cork in the Champagne bottle? Regrettably, not ! We have always been transparent in our dealing with our shareholders and in this time of our great happiness, when we have returned with a vengeance to the dividend-paying stage, let us not yield to the temptations of euphoria. The Managing Director Mr. Schubert, has reiterated this, and so must we.

- * Our restructuring process has been reported by some kind commentators as having been completed. Truth to tell, only Phase I has been completed. Restructuring will be a continuous on-going process with new measures of cost-cutting, with new products put on the line, with new customers to be found, with new methodologies of work to be innovated, and so on. Competition, happily, leaves us with no rest. Pandit Nehru's famous words "Aram Haram Hai" will now keep ringing in our ears, as indeed it should ring in the ears of the entire Indian industry. Much as we have done, much more remains to be done.
- * The year as it is currently evolving is anything but promising. The fact that our exports are still buoyant,

the fact that we have been successful in floating the IMD Scheme, the fact that our software export Companies are still booming, both in their profits and sales – all those cannot take away the very serious position we are facing in so many other areas.

* In short, last year we came to the conclusion that we should not plan a rosy approach for 1999-2000, and accordingly adjusted our whole planning programme. So also this year 2000-2001, we take a dim view and shall continue relentlessly to fight the various factors in the picture operative for this year.

- The continuance of over-capacity in the overwhelming areas of Indian industry.
- The subsequent investment famine due to the reluctance of most companies to increase their capacity by increasing investments.
- The subsequent aggravated and fierce competition of a type unknown previously due to both local and global competition.
- The failure of the agricultural monsoons in large parts of the country.
- The cost-push inflation in which the upsurge in oil-prices have also played a major role.
- The overhang of the WTO imports and worse still the surreptitious entry of spurious drugs.

All these are with us. There is no time to sing the song of victory.

A Sad Case of Policy Paralysis :

But apart from the specific events of this year which will have their impact on our bottom line, there are more fundamental questions to raise and to answer. Somewhere along the line, one of the central questions of the post-reform decade needs to be raised: Why is it that in the course of ten years, we have had a recession on three occasions? Since such a phenomenon has not occurred before, a detailed debate needs to be conducted, as unless this question is appropriately answered, corporate management will remain chary of making any fresh investments other than those in the area of Mergers and Acquisitions.

In short, we are witnessing an investment-famine, both in Industry and in Infrastructure, and this will continue to

have an impact on the bottom line and on the operations of our Company. We can understand the absence of investments in Industry after the intoxicating euphoric investment made by Indian Industry between 1994 and 1997 which subsequently landed one industry after another into the problems of over capacity. But the lull should have expired after two or three years when supply and demand would have reached an equilibrium. But, alas, the lull in investments continues and this does create problems for our Company.

Even more importantly, the investment famine in infrastructure facilities hits us even more though it is appropriate to recall that last year we did score a magnificent break-through into the area of road management. The fact of the matter is that our prophecies made three to four years ago regarding both Privatization and Infrastructure investments are still true.

On Privatization we said four years ago: "Privatization should be a gold mine; it still remains a gold mine but it is surrounded by a mine field. Every conceivable form of delay is appearing exactly in an area which cries out for the least delay."

On Infrastructure facilities we said three years ago: "We have had any number of speeches and seminars but the momentum is missing, and indeed any hope of a major revival in industrial production can only be based on a massive upsurge in infrastructural projects, of which to-date we see no signs."

The sad fact is that a policy paralysis has overtaken us. There are any number of promises of fulfillment, but actions and policy measures of the magnitude that our economy requires, are just not forthcoming. Other countries, even of the recession-hit countries of South-East Asia are forging ahead; time is too precious a product to lose in a WTO World.

How Many Wake-up Calls Does One Have To Give And For How Long ?

Our Government is taking courage in a number of areas, but apart from a little bit here and little bit there, on the central problems of Privatization and Infrastructure facilities we have a long way to go. This year alone, going by the Rakesh Mohan Committee's Report, the Centre and the State Governments should have invested Rs.152,000 crores in the infrastructure sector; the likely capital expenditure at best will be around Rs.92,000 crores.

In our corporate strategy, if some major projects do take off in the next six to nine months, we shall look upon this event as a bonus. We are told, somewhat journalistically, that there are 50 mega projects as on October 31, 2000 waiting to take off. We have also been assured that at least five power projects will have their financial closure in the next six months. So be it. Amen !

But the Top Management in our Company must continue to take as the central premise of their strategy that their attention, their goals, indeed their vision, must be dictated by whatever they can do from within the Company. This will be emotionally painful. This will also be managerially challenging. But in the last 3 years, this is exactly what our top management have achieved, namely, gone through a number of policies & actions, which have been immensely painful emotionally, immensely challenging managerially, but eventually immensely rewarding also for the company. It is in tough times that the tough get going ! We have relied on our top management for the last 3 years. With happiness we will rely on them for the coming years.

We, therefore, repeat our congratulations and thanks to the entire workforce in Siemens, led by Mr. Schubert and Mr. Kroll. But regrettably, Mr. Kroll will be leaving for Germany at the end of December. On behalf of the Board, and indeed on your behalf, I would like to express my special thanks to Mr. Kroll, who has been a key driving force behind the entire effort to get your Company in a healthy financial state and was one who continually pushed for financial excellence. He served on the Board as the Executive Director, and leaves for Germany to take up another assignment.

Let us also extend a warm welcome to our new Directors Dr. K. Wucherer, Mr. H. Gelis and Mr. N.J. Jhaveri.

Dr. Wucherer comes to us from Siemens AG with a number of skills and an enormous amount of experience of different countries. His management and technical knowledge will be a source of great strength to us in the coming years; we rely on his overall leadership. Mr. Gelis, who last worked in Siemens in the United States brings with him considerable international experience, particularly in the fields of Audit and Finance.

Mr. Jhaveri comes to us with a very rich economic experience and has himself been, amongst other things, the Chairman of I-SEC, in which capacity he has dealt with a number of industries, and with which indeed he is even now associated as a Director.

Last, but not the least, shareholders should be rest assured that we shall spare no efforts in implementing all the principal recommendations required by SEBI to fulfil Clause 49 of the Listing Agreement. We shall have in place not only all the principle recommendations as also all the mandatory committees, but we shall go even further as befits a Company which is transparent, competitive and has full faith in its shareholders, as indeed its shareholders have shown that they have full faith in Siemens Ltd. May that bond of faith and trust continue in the years to come.



Dr. F. A. Mehta
Chairman

Mumbai
November 13, 2000



Siemens Ltd. Group in India
Consolidated Financial Statements
for the year ended 30 September 2000

- Siemens Ltd. (SL)
- Siemens Information Systems Ltd. (SISL)

Auditors' Report to the Board of Directors of Siemens Ltd.

Siemens Group

We have audited the accompanying consolidated balance sheet of Siemens Ltd. and its subsidiaries in India at 30 September 2000 and the related consolidated statements of income and cash flows for the year then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards issued by the Institute of Chartered Accountants of India, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating

the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above give a true and fair view of the consolidated financial position of Siemens Ltd. and its subsidiaries at 30 September 2000, and of the results of its operations and the cash flows for the year then ended in accordance with the criteria described in note 1 to the financial statements.

For Bharat S Raut & Co.
Chartered Accountants

Vikram Utamsingh
Partner
Mumbai
13 November 2000



Siemens Ltd. Consolidated
Balance Sheet
at 30 September 2000
(Currency: Indian rupee)

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
SOURCE OF FUNDS			
Shareholders' funds			
Share capital	2	354,942	1,353,970
Reserves and surplus	3	2,873,404	854,015
		3,228,346	2,207,985
Minority Interest			
Equity	4	17,150	150,920
Non-Equity	5	126,239	50,788
		143,389	201,708
Loan funds			
Secured loans	6	212,408	417,233
Unsecured loans	7	251,759	540,557
		464,167	957,790
		3,835,902	3,367,483
APPLICATION OF FUNDS			
Fixed assets			
Gross block	8	6,095,179	6,095,565
Accumulated depreciation		(3,443,339)	(3,110,060)
Net block		2,651,840	2,985,505
Capital work-in-progress		42,755	112,661
		2,694,595	3,098,166
Investments	9	567,732	265,774
Current assets, loans and advances			
Inventories	10	900,467	1,242,578
Sundry debtors	11	3,765,834	3,665,562
Cash and bank balances	12	2,297,268	976,599
Loans and advances	13	1,019,665	1,338,895
		7,983,234	7,223,634
Current liabilities and provisions			
Current liabilities	14	(6,728,270)	(6,677,894)
Provisions	15	(681,389)	(542,197)
		(7,409,659)	(7,220,091)
Net current assets		573,575	3,543
		3,835,902	3,367,483

The accompanying notes set out on pages 11 to 19 form an integral part of this consolidated balance sheet.

As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

Vikram Utamsingh
Partner

Mumbai
13 November 2000

For Siemens Ltd.

J. Schubert Managing Director - Siemens Ltd.

W. A. Kroll Executive Director - Siemens Ltd.

Mumbai
9 November 2000

Siemens Ltd. Consolidated
Profit and Loss Account
for the year ended 30 September 2000
(Currency: Indian rupee)

Siemens Group

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
Income			
Sales and services	16	13,046,109	12,374,747
Other income	17	666,668	525,532
		13,712,777	12,900,279
Expenditure			
Cost of sales and services		8,360,400	7,929,691
Personnel costs	18	2,009,952	1,504,650
Interest	19	57,060	283,646
Depreciation		421,292	471,169
Other costs	20	1,953,348	2,227,769
		12,802,052	12,416,925
Share of profit in associated companies		82,702	39,782
Profit before exceptional item and tax		993,427	523,136
Exceptional item	21	154,863	31,550
Profit before tax adjustment		1,148,290	554,686
Tax adjustment	22	(118,269)	(29,795)
Profit after tax adjustment		1,030,021	(524,891)
Minority Interest		(44,961)	(57,511)
Net profit after minority interest		985,060	467,380
Accumulated loss brought forward		(109,657)	(577,037)
Available for appropriation		875,403	(109,657)
Appropriations			
Proposal Dividend		(223,761)	—
Dividend Tax		(64,542)	—
Transfer to general reserve		(194,522)	—
Balance carried forward		392,578	(109,657)

The accompanying notes set out on pages 11 to 19 form an integral part of the consolidated profit and loss account.

As set out in our attached report.

For Siemens Ltd.

For Bharat S Raut & Co.
Chartered Accountants

J. Schubert

Managing Director - Siemens Ltd.

W. A. Kroll

Executive Director - Siemens Ltd.

Vikram Utamsingh
Partner

Mumbai
13 November 2000

Mumbai
9 November 2000

Siemens Ltd. Consolidated
Cash Flow Statement
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
Cash flow from operating activities		
Profit before tax after exceptional items and minority interest	1,103,329	497,175
Adjustments for:		
Interest expense	57,060	280,952
Depreciation	519,527	603,403
Write back of restructuring costs, net	(154,863)	(31,550)
Profit on sale of fixed assets, net	(52,404)	(73,847)
Profit on sale of investments	-	(4,500)
Provision for diminution in value of investments	6,870	-
Share of profit in associate companies	(82,702)	(39,782)
Exchange gain, net	4,114	1,621
Interest and dividend accrued	(192,614)	(45,585)
Lease equalisation charge	24,216	3,903
DoT discounting costs	40,118	5,029
Operating profit before working capital changes	1,272,651	1,196,819
(Increase)/decrease in working capital:		
Inventories	342,111	309,957
Trade payables and provisions	338,552	458,529
Trade and other receivables	14,798	989,666
	695,461	1,758,152
Cash generated from operations	1,968,112	2,954,971
Payments for restructuring costs	(94,583)	(505,089)
Direct taxes refund	64,414	87,663
Net cash inflow from operating activities	1,937,943	2,537,545
Cash flow from investing activities:		
Purchase of fixed assets	(176,166)	(418,219)
Purchase of investments	(226,126)	(3,058)
Interest received	192,614	45,585
Proceeds from sale of fixed assets	118,622	82,420
(Decrease)/Increase in minority interest	(58,319)	19,780
Net cash used in investing activities	(149,375)	(273,492)
Interest paid	(137,303)	(281,937)
Increase/(Decrease) in long term borrowings	(137,401)	342,160
Premium paid on redemption of preference shares	(170,835)	(65,800)
Dividend paid	(262)	(799)
Dividend tax paid	(15,315)	-
Debentures redeemed	-	(1,050,000)
Decrease in short term borrowings	(356,222)	(597,743)
Proceeds from rights issue of equity shares	1,419,439	-
Redemption of Preference share capital	(1,070,000)	(520,000)
Issue of 10.5% Preference shares	-	520,000
Net cash used in financing activities	(467,899)	(1,654,119)
Net increase in cash and cash equivalents	1,320,669	609,934
Cash and cash equivalents at end of the year	2,297,268	976,599
Cash and cash equivalents at beginning of the year	(976,599)	(366,665)
	1,320,669	609,934

For Siemens Ltd.

J. Schubert

W. A. Kroll

Mumbai

9 November 2000

Managing Director - Siemens Ltd.

Executive Director - Siemens Ltd.

Siemens Ltd. Consolidated
Notes to Financial Statements
for the year ended 30 September 2000
(Currency: Indian rupee)

Siemens Group

1 Criteria for preparation

1.1 In line with best practices and to provide a greater degree of transparency, Siemens Ltd has prepared the consolidated financial statements by:

- Consolidating its accounts with those of its majority owned subsidiaries; and
- Applying the equity method of accounting for its investee companies in which it holds between 20 and 50 per cent of the equity share capital.

1.2 Method of consolidation

The consolidated financial statements comprise the financial statements of Siemens Ltd. and its majority owned subsidiaries during the year: Siemens Information Systems Ltd. ('SISL'), Siemens Telecom Ltd. ('STL') and Siemens Automotive Systems Ltd. ('SASL'). The financial statements of each of these companies are prepared according to uniform accounting policies, in accordance with generally accepted accounting principles in India. All significant year-end balances and transactions with the subsidiaries during the year are eliminated.

The result of operations of subsidiaries disposed is considered until the date of their disposal. Profit or loss on disposal of subsidiaries is determined as the difference between disposal value and Siemens Ltd's share in the net assets of the disposed subsidiary. Accordingly, the consolidated profit and loss account includes the share of Siemens Ltd. in the result of operations of STL and SASL, subsidiaries disposed during the year. Since STL and SASL ceased to be subsidiaries of Siemens Ltd. at the year end, the consolidated balance sheet does not include balance pertaining to these two subsidiary companies.

1.3 Equity method

Investments in associated companies are accounted for by the equity method. Under this method the Company reflects its pro-rata share of the investee's net income and net assets in the Profit and loss account with a corresponding offset to the investment account.

1.4 Other Accounting Policies

These are set out in the Notes of Accounts under the Section "Significant Accounting Policies" of Siemens Ltd. and SISL.

2 Share capital

Authorised

50,000,000 Equity shares of Rs.10 each
150,000,000 10.5% Cumulative Redeemable Preference
shares of Rs.10 each

30 September 2000 Rs '000	30 September 1999 Rs '000
---------------------------------	---------------------------------

500,000	500,000
---------	---------

1,500,000	1,500,000
-----------	-----------

2,000,000	2,000,000
-----------	-----------

Issued

35,667,050 (1999: 35,667,050) Equity shares of Rs.10 each
Nil (1999: 107,000,000) 10.5% Cumulative
Redeemable Preference shares of Rs.10 each

356,671	356,671
---------	---------

—	1,070,000
---	-----------

356,671	1,426,671
---------	-----------

Subscribed and fully paid-up

35,494,197 (1999: 28,397,000) Equity shares of Rs.10 each fully paid-up
Nil (1999: 107,000,000) 10.5% Cumulative
Redeemable Preference shares of Rs.10 each fully paid-up

354,942	283,970
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—	1,070,000
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354,942	1,353,970
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Siemens Ltd. Consolidated
Notes to the Financial Statements (*continued*)
for the year ended 30 September 2000
(Currency: Indian rupee)

Equity shares

- 150,000 (1999: 150,000) shares have been allotted as fully paid-up for consideration received other than in cash;
- 11,100,000 (1999: 11,100,000) shares have been allotted as fully paid-up bonus shares by capitalisation of the general reserve; and
- 18,103,087 (1999: 14,482,470) shares are held by the holding company, Siemens AG, Germany.
- On 30 September 1999, the Company made an offer of shares on a rights basis to its existing shareholders in the ratio of one share for every four shares held, at a premium of Rs.190 per share. The said rights shares were subscribed to in full and the Committee of Directors in its meeting held on 26 November 1999 made an allotment except for 2,576 shares held in abeyance. In the meeting held on 28 April 2000, 523 shares out of the 2,576 shares held in abeyance were allotted.

Preference shares

The preference shares of Rs.1,070,000,000 were redeemed on 29 November 1999 out of the proceeds of the rights issue and the premium on redemption of Rs.170,835,000 was adjusted as set out below:

- Rs.145,000,000 from the provision for redemption premium created out of the share premium account at 30 September 1999; and
- Rs.25,835,000 from the share premium account.

	30 September 2000 Rs '000	30 September 1999 Rs '000
3 Reserves and surplus		
Capital reserve	688	688
Capital redemption reserve	9	9
Share premium account		
— Balance brought forward	946,375	1,157,175
— Premium on issue of rights shares	1,348,467	—
— Provision for redemption premium	—	(145,000)
— Utilised for premium on redemption of preference shares	(25,835)	(65,800)
	2,269,007	946,375
Export turnover reserve		
— Balance brought forward	16,600	16,600
— Transfer to general reserve	(16,600)	—
	—	16,600
General reserve		
— Balance brought forward	—	—
— Transfer from export turnover reserve	16,600	—
— Transfer from profit and loss account	194,522	—
	211,122	—
Profit and loss account	392,578	(109,657)
	2,873,404	854,015

Siemens Group

	30 September 2000 Rs '000	30 September 1999 Rs '000
4 Minority Interest in Equity		
Siemens Telecom Ltd.		
Nil equity shares (1999: 7,840,021) held by minority interest (49% holding, 1999: 49% holding)	-	78,400
Nil preference shares (1999: 5,537,000) held by minority interest (49% holding, 1999: 49% holding)	-	55,370
	-	133,770
Siemens Information Systems Ltd.		
1,715,000 equity shares (1999: 1,715,000) held by minority interest (25.16% holding, 1999: 25.16% holding)	17,150	17,150
	17,150	150,920
5 Minority Interest in Non-Equity		
Siemens Telecom Ltd.		
Balance brought forward	-	(56,518)
Share of profit/(loss) for the year	-	761
	-	(55,757)
Siemens Information Systems Ltd.		
Balance brought forward	106,545	87,526
Share of profit for the year	57,253	56,749
Less: Dividend paid	(37,559)	(37,730)
	126,239	106,545
	126,239	50,788
6 Secured loans		
From Banks		
- Short-term	212,408	417,233
	212,408	417,233
<i>Short term loans from banks</i>		
Short term loans from banks for working capital purposes are secured by hypothecation by way of a first charge on inventories, stores and spares, book debts and other receivables, both present and future.		
7 Unsecured loans		
Long term		
- sales tax deferral	33,752	33,752
- from others	215,507	352,908
Short term - from others	2,500	52,500
Debentures	-	-
Fixed deposits (includes Rs.Nil payable within one year, 1999: Rs.101,397,000)	-	101,397
	251,759	540,557

Siemens Ltd. Consolidated
Notes to Financial Statements (continued)
for the year ended 30 September 2000
(Currency: Indian rupee)

8 Fixed assets

(Rs '000)

	Goodwill	Land and Buildings	Plant and Machinery	Furniture, Fittings and Office Equipments	Vehicles	Equipment given on lease	Total	Previous year
Gross block								
At 1 October 1999	–	1,778,382	2,566,612	855,890	34,953	755,492	5,991,329	5,648,431
Additions	–	19,470	156,238	57,073	13,291	–	246,072	500,650
Disposals	–	(244)	(116,784)	(20,722)	(4,472)	–	(142,222)	(53,516)
At 30 September 2000	–	1,797,608	2,606,066	892,241	43,772	755,492	6,095,179	6,095,565
Accumulated depreciation								
At 1 October 1999	–	216,332	1,643,087	651,423	21,055	490,048	3,021,945	2,551,600
Charge for the year	–	41,656	252,811	97,845	6,851	98,235	497,398	603,403
Disposals	–	(106)	(54,423)	(18,139)	(3,336)	–	(76,004)	(44,943)
At 30 September 2000	–	257,882	1,841,475	731,129	24,570	588,283	3,443,339	3,110,060
Net block								
At 30 September 2000	–	1,539,726	764,591	161,112	19,202	167,209	2,651,840	2,985,505
At 30 September 1999	6,924	1,562,050	928,294	207,284	15,509	265,444	2,985,505	

Since Siemens Ltd. disposed its stake in Siemens Telecom Ltd. during the year, gross block, accumulated depreciation and net block at 1 October 1999 and 30 September 2000 do not include balances pertaining to Siemens Telecom Ltd. However, the previous year's closing balance, at 30 September 1999, included Siemens Telecom related balances.

	30 September 2000 Rs '000	30 September 1999 Rs '000
9 Investments		
Non-Trade		
In government securities		
6/7 Years National Savings Certificates	5	5
In mutual funds		
347,446 (1999: 347,446) units of Rs.10 each in Unit Scheme 1964, Unit Trust of India (repurchase price Rs.4,690,521, 1999: Rs.4,690,521)	4,166	4,166
In Housing Development Finance Corporation Ltd Bonds		
– Series I to IV 13 %	7,000	7,000
– Series I to IV 14.5 %	12,000	12,000
Trade		
Shares in other companies:		
5,325,000 (1999: 5,325,000) equity shares of Rs.10 each fully paid-up in Siemens Public Communication Networks Ltd. 30% holding (1999: 30% holding)	239,250	239,250
Share of accumulated profit/(loss)	71,846	(7,955)
	311,096	231,295

Siemens Group

	30 September 2000 Rs '000	30 September 1999 Rs '000
Nil (1999: 2,449,810) equity shares of Rs.10 each fully paid-up in Siemens Nixdorf Information Systems Ltd. (Nil holding; 1999: 26% holding)	-	24,500
Share of accumulated losses	-	(24,500)
	-	-
8,320,000 (1999: Nil) equity shares in VXL Landis and Gyr Ltd. (26% holding, 1999: Nil holding)	226,125	-
Share of profit	2,902	-
	229,027	-
Debentures		
740,040 (1999: 740,040) 18% non-convertible debentures of Rs.100 each in Mid-East Integrated Steel Ltd.	74,004	74,004
Less: Provision for diminution in value	(69,566)	(62,696)
	4,438	11,308
	567,732	265,774
10 Inventories		
Raw materials	223,295	309,859
Work-in-progress		
- factory related	197,676	334,126
- project related	248,992	155,827
Finished goods	230,504	438,689
Machinery and service spares	-	4,077
	900,467	1,242,578
11 Sundry debtors		
(unsecured)		
Debts outstanding		
- over six months	1,162,969	1,151,439
- other debts	3,046,121	3,055,502
	4,209,090	4,206,941
- considered good	3,765,834	3,665,562
- considered doubtful	443,256	541,379
	4,209,090	4,206,941
Less: Provision for doubtful debts	(443,256)	(541,379)
	3,765,834	3,665,562
12 Cash and bank balances		
Cash in hand	19,658	29,893
Cheques in hand	148,629	252,618
Balances with scheduled banks		
- on current account	293,756	536,452
- on deposit account	1,824,987	147,874
Balances with other banks	10,238	9,762
	2,297,268	976,599

Siemens Ltd. Consolidated
Notes to Financial Statements (*continued*)
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
13 Loans and advances		
(unsecured)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	809,542	847,658
– considered doubtful	125,914	143,729
	935,456	991,387
Provision for doubtful advances	(125,914)	(143,729)
	809,542	847,658
Lease equalisation account	67,694	91,910
Advance payments of income tax, less provision	108,910	232,003
With customs, port trusts and excise authorities on current account	33,519	105,996
Deferred tax asset	–	59,590
Bills of exchange	–	1,738
	1,019,665	1,338,895
14 Current liabilities		
Sundry creditors	5,148,101	5,091,368
Advances from customers	1,577,114	1,384,954
Interest accrued but not due on loans	2,499	37,440
Unclaimed dividends	556	818
Deposits	–	1,164
Provision for premium on redemption of preference shares	–	145,000
Interim dividend	–	17,150
	6,728,270	6,677,894
15 Provisions		
Pension	140,953	137,900
Restructuring	176,750	332,750
Proposed dividend	223,761	–
Tax on proposed dividend	49,227	–
Others	90,698	71,547
	681,389	542,197
16 Sales and services		
Sales	12,828,630	12,193,261
Commission income	217,479	181,486
	13,046,109	12,374,747

Siemens Group

	30 September 2000 Rs '000	30 September 1999 Rs '000
17 Other income		
Lease rentals	163,016	155,522
Lease equalisation	(24,216)	(3,903)
Discounting costs	(40,118)	(5,029)
Depreciation	(98,235)	(98,234)
Lease income, net	447	48,356
Interest – gross	189,460	44,741
Income from non-trade investments	3,154	3,538
Profit on sale of assets	52,404	73,847
Profit on disposal of majority owned subsidiaries	13,771	—
Profit on sale of investments	—	4,500
Export incentives	58,781	47,995
Sundries	126,006	134,748
Recoveries from associate companies	222,645	167,807
	666,668	525,532

Depreciation on equipment given on lease of Rs.98,235,000 (1999: Rs.98,234,000) is reduced from lease income.

On 28 February 2000, the Company fully acquired the equity stake of SASL and sold it on 29 September 2000. Further, on 29 September 2000, the Company sold its majority stake in STL. Accordingly, the consolidated profit and loss account reflects the results of operations of SASL and STL for the above periods.

18 Personnel costs

Salaries, wages and bonus	1,604,563	1,350,990
Contributions to provident and other funds	211,361	191,358
Contribution to pension funds	3,053	12,237
Workmen and staff welfare	190,975	172,750
	2,009,952	1,727,335
Allocated to other heads	—	(222,685)
	2,009,952	1,504,650

19 Interest

On debentures and fixed loans	9,957	139,206
Other interest	47,103	144,440
	57,060	283,646

Siemens Ltd. Consolidated
Notes to Financial Statements (*continued*)
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
20 Other costs		
Travel and conveyance	409,482	412,745
EDP costs	226,606	275,128
Communications	214,814	229,103
Repairs and maintenance		
– on building	76,949	70,919
– on machinery	39,570	31,652
– other	53,264	113,180
Power and fuel	145,910	118,969
Advertising and publicity	117,702	93,489
Legal and professional	94,713	123,801
Rates and taxes	94,344	66,394
Packing and forwarding	65,678	86,304
Rent	66,501	82,888
Office supplies, printing and stationery	40,298	44,448
Insurance	39,572	26,813
Spares and stores	29,147	20,192
Directors commission	13,826	–
Exchange loss (net)	12,512	66,844
Share issue expenses	10,934	2,609
Provision for diminution in value of investment	6,870	–
Software consumables	4,037	23,052
Directors' fees	72	73
Net write-back of provision for doubtful debts and advances	(108,495)	(149,699)
Miscellaneous	299,042	524,712
Recovery of costs	–	(35,847)
	1,953,348	2,227,769
21 Exceptional items		
Net write-back of restructuring the business operations of the Company	154,863	31,550
	154,863	31,550
22 Tax adjustments		
Provision for tax	58,679	–
Deferred tax asset adjustment	59,590	29,795
	118,269	29,795
23 Commitments		

The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances amounted to Rs.32,321,516 at 30 September 2000 (1999: Rs.42,292,274).

Future lease commitments at 30 September 2000 amounted to Rs.332,715,336 (1999: Rs.410,290,586).

Siemens Group

	30 September 2000 Rs '000	30 September 1999 Rs '000
24 Contingent liabilities		
Bills discounted	283,169	176,638
Taxation matters:		
■ In respect of certain completed assessments where matters are under appeal	30,719	149,067
■ In respect of appeals decided in favour of the companies, but disputed further by the tax authorities	106,166	104,430
Excise/sales tax liabilities (net of tax) under dispute	149,170	272,070
Bank and other guarantees	3,330,417	3,183,452
Claims against the companies not acknowledged as debts	209,808	439,042
	<u>4,109,449</u>	<u>4,324,699</u>

25 Prior year comparatives

Prior year figures have been reclassified where necessary to conform with the current year's presentation.



Siemens Ltd.
Forty-third Annual Report
for the year ended 30 September 2000



Board of Directors

Chairman

Dr. F. A. Mehta

Whole-time Directors

J. Schubert
Managing Director

W. A. Kroll
Executive Director

S. R. Patri
(upto 31st March, 2000)

A. B. Nadkarni

Harminder Singh

O. P. Narula
(from 1st January, 2000)

C. R. Sahu
(from 1st January, 2000)

Non-executive Directors

S. K. Thackersey

Dr. G. Wilhelm
(upto 30th September, 2000)

D. C. Shroff

Y. H. Malegam

P. M. Thampi

Dr. K. Wucherer
(from 1st October, 2000)

N. J. Jhaveri
(from 9th November, 2000)

Corporate Secretary

Ashok P. Jangid

Bankers

American Express Bank Ltd.

Standard Chartered Grindlays
Bank Ltd.

Bank of America National
Trust and Savings Association

Citibank N. A.

Deutsche Bank AG

HDFC Bank Ltd.

Hongkong and Shanghai
Banking Corporation Ltd.

Standard Chartered Bank

State Bank of India

Syndicate Bank

Auditors

Bharat S Raut & Co.

Cost Auditors

R. Nanabhoy & Co.

Solicitors

Crawford Bayley & Co.

Mulla & Mulla & Craigie,
Blunt & Caroe

Desai & Diwanji

Registered & Corporate Office

130, Pandurang Budhkar Marg
Worli, Mumbai 400 018

Head Office

Plot 2, Sector 2, Kharghar Node
Navi Mumbai 410 210

Works

Maharashtra : Aurangabad - Waluj
Nashik - Ambad
Thane - Kalwa

West Bengal : Joka - 24 Parganas

Goa : Verna

Sales Offices

Ahmedabad

Bangalore

Baroda

Calcutta

Chandigarh

Chennai

Coimbatore

Hyderabad

Mumbai

New Delhi

Pune

Registrar & Share Transfer Agent

MCS Ltd.
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11, MIDC Area
Andheri (E), Mumbai 400 093

Directors' Report

The Directors have pleasure in presenting the Forty-third Annual Report of your Company and the Audited Accounts for the year ended on 30th September, 2000.

Financial performance

We are happy to inform you that for the year under review, your Company made a profit of Rs.840 million despite witnessing a slowdown in the Indian economy and an adverse economic environment. This has been achieved by a continuing process of value re-engineering and effective management of costs and expenses. The Board of Directors takes this opportunity to place on record its appreciation and thank the Management and employees at all levels for achieving commendable results through their teamwork and dedicated efforts.

	Rs. in Millions	
	1999-00	1998-99
Gross Profit before Interest, Depreciation and Exceptional Items	1155.20	985.73
Interest (-)	48.85	278.20
Depreciation (-)	315.01	358.08
Exceptional Items (+)	154.86	31.55
Profit before Tax adjustment	946.20	381.00
Less: Tax adjustment	106.16	29.80
Net Profit after Tax adjustment	840.04	351.20
Accumulated Loss brought forward	(372.53)	(723.73)
Profit available for appropriation	467.51	—
Appropriations:		
General Reserve	194.52	—
Proposed Dividend	223.76	—
Tax on Dividend	49.23	—
Profit / (Loss) carried forward to Balance Sheet	—	(372.53)

Dividend

In view of the good results for the year and after considering the financial position of the Company, the Board of Directors has recommended an Ordinary Dividend of Rs.3.50 per Equity Share (35%).

The Board of Directors would also like to take this opportunity to express its gratitude for the faith and confidence placed by the Shareholders in the Company. As a mark of sincere appreciation of the understanding shown by our Shareholders who stood by the Company during the trying times faced in the last three years, the Board of Directors are happy to recommend an additional one time "Special Dividend" of Rs.3 per Equity Share (30%).

Accordingly, a total dividend of Rs.6.50 per Equity Share (65%) has been recommended by the Board of Directors for the year ended on 30th September, 2000. On 28,397,000 Equity Shares of Rs.10 each, dividend for the full year will be paid and on 7,097,197 Equity Shares of Rs.10 each allotted as Rights Shares, dividend will be paid on pro-rata basis. The proposed dividend, if approved at the forthcoming Annual General Meeting, will be paid to all those Shareholders whose names appear on the Register of Members as on 15th December, 2000.

Operations

During the year, Orders booked amounted to Rs.11,920 million as compared to Rs.12,740 million last year. Turnover amounted to Rs.10,833 million, as compared to Rs.10,506 million last year. The major growth drivers were the Power Transmission and Distribution Division, Automation and Drives Division and Railway and Transportation Systems Division. However, the Industrial Projects Division and Medical Engineering Division were amongst the major volume contributors.

Finance and Investment

a. Rights Issue

During the year, your Company made a Rights Issue of 7,099,250 Equity Shares of Rs.10 each for cash at a premium of Rs.190 per Share aggregating to Rs.1,419,850,000. The Issue was oversubscribed. On 26th November, 1999, 7,096,674 Shares were allotted and 2,576 Shares were kept in abeyance. Out of these 2,576 Shares, 523 Shares were allotted on 28th April, 2000. Consequently, the Paid-up Share Capital has increased from Rs.283,970,000 to Rs.354,941,970.

b. Preference Shares

During the year under review, 10.5% Cumulative Redeemable Preference Shares worth Rs.1070 million were redeemed on 29th November, 1999 out of the proceeds of the Rights Issue. Rs.170.83 million was paid as premium on redemption. With this, the Preference Shares have been fully redeemed.

c. Divestment from Siemens Telecom Ltd. (STL)

In September, 2000, your Company divested its entire 51% stake (Equity and Preference) amounting to Rs.139.23 million in STL, in favour of the other joint venture partner, Bharti Group for a total consideration of Rs.11 million. The divestment was aligned with the strategic decision of the parent company, Siemens AG. The Mobile phone business of STL is now handled by Siemens Ltd. Consequent to the divestment, STL is no longer a subsidiary of your Company.

d. Divestment from Siemens Automotive Systems Ltd. (SASL)

In February, 2000, your Company had invested Rs.25 million, being 100% of the Share Capital, in SASL, a company engaged in the manufacture and marketing of integrated wiring harnesses for latest generation of automobiles, thus making it a 100% subsidiary. However, consequent to Siemens AG's decision to transfer the Automotive business, world wide, to another subsidiary company, the entire holding of your Company in SASL was sold to a new company, Siemens Automobiltechnik GmbH, Germany for a consideration of Rs.36 million. SASL is no longer a subsidiary of your Company.

e. Divestment from Siemens Nixdorf Information Systems Ltd. (SNISL)

During the year under review, your Company divested its entire 26% stake of Rs.24.5 million in SNISL to the other joint venture partner, Siemens Nixdorf Informationssysteme AG, Germany.

Foreign Exchange Earnings & Expenditure

Details concerning Foreign Exchange Earnings and Expenditure have been given under Note No. 25.2(iv) of the Notes to the Accounts.

Conservation of Energy & Technology Absorption

Additional information in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure I to this Report.

Subsidiary and Associate Companies**1. Subsidiary Company****Siemens Information Systems Ltd. (SISL)**

Your Company's holding in SISL is 74.8% and the balance 25.2% is held by Siemens Nixdorf Informationssysteme AG, Germany. For the year ended on 30th September, 2000, SISL has shown a growth despite a slowdown in the early part of the year. SISL recorded a total income of Rs.1,792 million (1999: Rs.1,669 million) and Net Profit of Rs.228 million (1999: Rs.239 million). SISL paid an interim dividend of Rs.19.50 per share in March, 2000. Keeping in view the financial position and future funds requirements of the Company, the Board of Directors has recommended a final dividend of Rs.1.80 per share.

2. Associate Companies**a. Siemens Public Communication Networks Ltd. (SPCNL)**

SPCNL is a 30:70 joint venture of your Company and Siemens AG, Germany. SPCNL will report profit for the year ended on 30th September, 2000.

b. VXL Landis & Gyr Ltd. (VLG)

During the year under review, your Company acquired 26% of the Equity Share Capital of VLG for a total consideration of Rs.225 million. VLG is engaged in the manufacturing, calibration, assembly, sale and service of house service, specialised KWH Meters, Electronic Tariff Registers and Meter Test Consoles, Relays and Control Panels. The total Share Capital of VLG is

Rs.320 million. The balance 74% of the Share Capital is held by Siemens AG, Germany. VLG will report profit for the year ended on 30th September, 2000.

Fixed Deposits

A sum of Rs.2,815,500 relating to 311 deposits remained unclaimed as on 30th September, 2000. Since then, 10 claims have been received for refund of deposits amounting to Rs.96,000. The Company discontinued the Fixed Deposit Scheme in March, 1997. No interest is payable on such unclaimed deposits after the maturity date.

Year 2000 Compliance

As a result of the intensive preventive actions and monitoring efforts undertaken by your Company, the Year 2000 transition in respect of the Company's customer installations, business processes, supplies from the vendors and the service providers, operations and infrastructure was smooth and without any disruption.

Corporate Governance

A Corporate Governance Report is enclosed as Annexure II to this Report.

Employees

The Company gratefully acknowledges the commitment and contribution of all its employees in securing the progress of last year and looks forward to a continued collective pursuit of excellence. Our industrial relations continued to be cordial as in the past. During the year under review, 147 employees opted for voluntary retirement. The total number of employees as on 30th September, 2000 was 4342.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the Shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy

of the said Statement may write to the Corporate Secretary at the Registered Office of the Company, and the same will be sent by post.

Directors

After a tenure of over 36 years with the Company, Mr. S. R. Patri, Whole-time Director, resigned from the Directorship of the Company with effect from 1st April, 2000 consequent to the completion of his tenure as Whole-time Director. The Board places on record its appreciation for his contribution and guidance to the Company.

Dr. G. Wilhelm, nominee Director of our parent company, Siemens AG, resigned from the Directorship of the Company with effect from 1st October, 2000 consequent to his retirement from the services of Siemens AG. The Board places on record its appreciation for the invaluable contribution and support extended by Dr. Wilhelm during his tenure as a Member of the Board for over 6 years.

The Board also wishes Mr. S. R. Patri and Dr. G. Wilhelm and their families prosperity and success.

In place of Dr. Wilhelm, Siemens AG has nominated Dr. K. Wucherer as a Director of our Company. Dr. Wucherer, who was appointed as an Additional Director of the Company with effect from 1st October, 2000, will hold office upto the date of the forthcoming Annual General Meeting.

Mr. W. A. Kroll will be resigning from the Directorship of the Company with effect from 1st January, 2001 to take up another assignment within the House of Siemens. The Board thanks Mr. W. A. Kroll for his invaluable services and contribution to the Company during such difficult times and wishes him success in his new assignment.

In place of Mr. W. A. Kroll, Siemens AG has nominated Mr. H. Gelis for appointment as the Executive Director of the Company with effect from 1st January, 2001.

Mr. N. J. Jhaveri was appointed as an Additional Director of the Company with effect from 9th November, 2000 and will hold office upto the date of the forthcoming Annual General Meeting. Mr. Jhaveri is an eminent economist and is on the Board of several prestigious companies.

Dr. F. A. Mehta, Mr. P. M. Thampi and Mr. Harminder Singh retire by rotation and, being eligible, offer themselves for re-appointment.

Siemens Ltd.

The relevant Resolutions relating to these appointments form part of the Notice of the Annual General Meeting, which are placed for your approval.

Auditors

M/s. Bharat S Raut & Co., Chartered Accountants, retire and offer themselves for re-appointment.

Acknowledgements

The Board of Directors places on record its sincere appreciation for the continued support from the parent company, Siemens AG, shareholders, customers,

suppliers, banks, financial institutions and other business associates.

On behalf of the Board



Dr. F. A. Mehta
Chairman

Mumbai
Monday, 13th November, 2000



Annexure I to the Directors' Report

Additional information in terms of Section 217(1)(e) of the Companies Act, 1956, dealing with Conservation of Energy and Technology Absorption.

A) Conservation of Energy:

- a) Measures undertaken (implemented) –
- Newer design of HICOM EPABX Telephone System which consumes lesser electrical energy per port
 - Optimize reactive power consumption by upgrading power capacitors in motor factory, which will result in reduction of electrical consumption
- b) Impact of measures undertaken –
Substantial saving of electrical consumption

B) Research and Development (R&D):**1. Specific area in which R&D carried out by the Company:**

- Development of high efficiency motors for special application in textile ring frames to effect energy saving
- Hardware engineering tool used by system engineers to configure and engineer the power plant specific complex control systems. This CAE software is fully packed with domain specific functions to provide user comfort, reduce engineering cycle times and to generate error-free engineering drawings and reports.
- SIWIZ is a compact training unit to meet the self-training needs of the users on distributed control systems. Apart from training of personnel, the multi purpose SIWIZ can also be used
 - To test proto type control loop algorithms
 - To simulate the control loops before putting into operation
 - To test and validate spares
 - To engineer the control system at graphic level.
- In the AC Coach Converter Panel redesigning the electrical/electronic/mechanical sub assemblies wherever required due to revision of railway specifications. These designs passed the stringent IEC norms stipulated by Railways (RDSO)
- A new mobile Image Intensifier C Arm Xray System "Multimobil 4C" for usage in Operation Theatres, ICU's & OPD's for diagnostic as well as therapeutic applications.
- A 10 kW high frequency Xray generator "Multiphos 10 Plus" to be used with manually or motor operated tables
- Development of customer specific features - for 9 different defence sites for communication infrastructure including status display on operator console.

2. Benefits derived as a result of the above R&D:

- Substantial reduction in the consumption of energy
- Local adaptation of communication facility for critical defence applications
- In house developed software, which is completely integrated with other Siemens Systems thereby eliminating the necessity of procuring third party items, thus reducing project costs.
- Instantly available documentation, anywhere and any time, either in hard or soft form, to ensure customer comfort and satisfaction.
- In general, the R&D programme bridges product gaps, especially in the low cost sectors.

3. Further plan of action:

- Enhance the product quality to meet international standards
- Further thrust towards indigenisation in order to save foreign exchange
- Targeting higher export volumes
- Increased use of solar energy

4. Expenditure on R & D:

- a) Capital - Rs.4.45 million
b) Recurring - Rs.14.93 million

C) Environment protection

Installation of effluent treatment plant in Kalwa Works to carry out neutralization treatment on chemicals from phosphating plant before they are discharged into common effluence.

D) Technology Absorption & Innovation:

- (a) Field bus Technology Integration
Industry Standard PROFIBUS Technology has been successfully integrated into the existing operation and monitoring system (OS 220 EA) for cost effective acquisition of plant data over remote bus.
- (b) A new generation range of compact motors between 250 kW to 710 kW.
- Benefits derived from the above
Cost effective products with state-of-the-art technology manufactured.
- Imported Technology

a) Technology imported	: for Call Centre applications
b) Year of import	: 1999-00
c) Has the technology been fully absorbed	: Partly - process ongoing

On behalf of the Board


Dr. F. A. Mehta
Chairman

Mumbai
Monday, 13th November, 2000

Annexure II to the Directors' Report Corporate Governance Report

I. Corporate Governance Philosophy

The Corporate Governance Code was recently introduced by the Securities and Exchange Board of India (SEBI) based on the recommendations of the Committee on Corporate Governance chaired by Mr. Kumar Mangalam Birla to promote and raise the standards of Corporate Governance of listed companies. Subsequently, the Listing Agreement of the Stock Exchanges was amended by incorporating a new Clause No. 49 on Corporate Governance.

As per the schedule of implementation mentioned in Clause 49, your Company has to fully implement the Corporate Governance Code during the financial year 2000-2001 but not later than 31st March, 2001. Therefore, the Annual Report 2001 of your Company shall fully deal with all issues of Corporate Governance.

Siemens Ltd. has been practicing the broad principles of Corporate Governance over the years. In addition to the basic governance issues, your Company lays strong emphasis on trusteeship, transparency, empowerment, accountability and integrity. We have laid the foundation for Corporate Governance as a means of effective control and enhancement of stakeholders' value based on a ethical corporate citizenship.

We, as a Company, strive to achieve a customer centered and employee driven organisation to retain performance leadership. In the increasingly competitive world, this is achieved by building excellence in every aspect of the organisation by attaching top-most value to customers' needs and shareholders' value in order to honour our corporate responsibilities and to discharge our business obligations.

II. Board of Directors (Board)

Composition of the Board as on 9th November, 2000

A strong and efficient Board plays a key role in guiding the Company. The Board comprises of 13 Directors of whom 6 are Executive and 7 are Non-executive. The Non-executive Directors are eminent professionals with experience in the fields of finance, accounts, management and law, who bring a wide range of skills and experience to the Board. The Company has no nominee Director from any bank or financial institution.

Sr. No.	Name of the Director	Executive / Non-executive / Independent	No. of other Directorships held*
1.	Dr. F. A. Mehta (Chairman)	Non-executive & Independent	18
2.	Mr. J. Schubert (Managing Director)	Executive	7
3.	Mr. W. A. Kroll (Executive Director)	Executive	6
4.	Mr. A. B. Nadkarni	Executive	Nil
5.	Mr. Harminder Singh	Executive	6
6.	Mr. O. P. Narula (from 1st January, 2000)	Executive	Nil
7.	Mr. C. R. Sahu (from 1st January, 2000)	Executive	Nil
8.	Mr. S. K. Thackersey	Non-executive & Independent	10
9.	Mr. D. C. Shroff	Non-executive & Independent	19
10.	Mr. Y. H. Malegam	Non-executive & Independent	15
11.	Mr. P. M. Thampi	Non-executive & Independent	4
12.	Dr. K. Wucherer (from 1st October, 2000) nominee and in the whole-time employment of parent company, Siemens AG	Non-executive	Nil
13.	Mr. N. J. Jhaveri (from 9th November, 2000)	Non-executive & Independent	11

* Including Private Companies and Alternate Directorships.

Since the last Annual General Meeting held on 21st January, 2000, the following Directors have ceased to be Members of the Board –

Mr. S. R. Patri, Whole-time Director, ceased to be a Director with effect from 1st April, 2000.

Dr. G. Wilhelm, Non-executive Director, nominated by the parent company, Siemens AG, ceased to be a Director with effect from 1st October, 2000.

Meetings and attendance

The Meetings of the Board are held in Mumbai and scheduled well in advance. The Board meets at least once a quarter to review the quarterly performance and the financial results. The agenda of the Meeting is prepared by the Corporate Secretary, in consultation with the Chairman, Managing Director and Executive Director.

During the year 1999-2000, 4 Board Meetings were held i.e. on 12th November, 1999, 28th January, 2000, 28th April, 2000 and 29th July, 2000. The attendance of each Director at these Meetings and the last Annual General Meeting held on 21st January, 2000 is as under:

Sr. No.	Name of the Director	No. of Board Meetings attended	Attendance at last AGM
1.	Dr. F. A. Mehta	4	Yes
2.	Mr. J. Schubert	4	Yes
3.	Mr. W. A. Kroll	3	Yes
4.	Mr. A. B. Nadkarni	4	Yes
5.	Mr. Harminder Singh	3	Yes
6.	Mr. O. P. Narula (from 1st January, 2000)*	2	Yes
7.	Mr. C. R. Sahu (from 1st January, 2000)*	3	Yes
8.	Mr. S. K. Thackersey	3	Yes
9.	Mr. D. C. Shroff	4	Yes
10.	Mr. Y. H. Malegam	4	Yes
11.	Mr. P. M. Thampi	3	Yes
12.	Dr. K. Wucherer (from 1st October, 2000)	Not applicable	No
13.	Mr. N. J. Jhaveri (from 9th November, 2000)	Not applicable	No

*3 Meetings have been held since his appointment.

Dr. G. Wilhelm, attended only one Board Meeting out of the abovementioned Board Meetings. He was not present at the last Annual General Meeting.

III. Audit Committee

The Board has taken steps for the formation of the Audit Committee and the same shall be in place shortly.

IV. Remuneration Committee

The Board has taken steps for the formation of the Remuneration Committee and the same shall be in place shortly.

V. Shareholders Committee

The Board has taken steps for the formation of the Shareholders Committee to look into the shareholders and investors grievances. Presently, the Corporate Secretariat Department of the Company under the supervision of Mr. Ashok P. Jangid, Corporate Secretary (who is also nominated by the Company as the "Compliance Officer") and the Registrar and Share Transfer Agent, MCS Ltd., attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies. All complaints and grievances are redressed within a period of 15 days. Information regarding complaints and grievances received and redressed during the year 1999-2000 is provided in the General Shareholder Information Section of this Annual Report.

VI. General Body Meetings

Location and time of last three Annual General Meetings (AGM) is as follows:

Year	Venue	Day & Date	Time
1998-99	Patkar Hall S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020	Friday, 21st January, 2000	3 p.m.
1997-98	- "-	Monday, 18th January, 1999	4 p.m.
1996-97	- "-	Friday, 19th December, 1997	11 a.m.

No Special Resolutions were passed at the above AGMs.

No Special Resolution was put through postal ballot last year and nor is any proposed for this year, as no procedure has been prescribed for the same presently.

VII. Disclosures

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets, during last three years.

The Company has complied with all requirements of the Listing Agreement with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchange or any statutory authorities.

VIII. Means of communication*Quarterly Results*

The Quarterly Results are published in leading national newspapers as well as displayed on the corporate website www.siemens.co.in, along with the official press releases.

Management Discussion and Analysis

The Management Discussion and Analysis, as prepared by the Management, forms part of this Annual Report.

IX. General Shareholder Information

Detailed information in this regard is provided in the General Shareholder Information Section of this Annual Report.

On behalf of the Board



Dr. F. A. Mehta
Chairman

Mumbai
Monday, 13th November, 2000

Management's Discussion and Analysis

General review

The Gross Domestic Product (GDP) growth has been steadily declining from the 1998-99 levels of 6.8% to 5.8% in the year 2000-01 estimates, raising fears of a renewed slowdown. The Industrial production pegged at 7.8% in 1999-00 slipped to 5.3% in the first 4 months of 2000-01. Capital goods production fared no better and showed a decline.

In the infrastructure sector, power generation remained stagnant with most of the projects facing problems relating to financial closures, environmental and other issues. However, the Supreme Court's verdict on the Sardar Sarovar Dam Project has given an impetus to the sector. The telecommunications sector too witnessed major changes, with the Government of India allowing foreign equity participation and the widening of bandwidth to give the players a wider playing field.

The Industrial sector, which included industries like Steel, Cement and chemicals saw negative trends. The reduced demand levels resulted in under utilisation of capacities, thereby prompting players to drop prices. The price erosion put pressure for further cost reduction on the entire industry.

Anticipating the negative trend, the Company planned its businesses on the basis of a flat market. This is reflected in the new order inflow and the sales turnover, both of which mirrored the market conditions. The company received New Orders valued at Rs.11920 million as compared to Rs.12740 million in the previous year, with Power Transmission & Distribution, Automation & Drives, Industrial Projects and Medical Engineering being the major volume contributors.

Turnover, increased by 3% over the same period last year. This nominal increase again reflects the sluggish market which was characterised by price erosion. The major growth drivers were the Power Transmission & Distribution Division, the Automation & Drives Division and the Railway & Transportation Systems Division. However, the Industrial Projects and the Medical Engineering Divisions were also amongst the major contributors.

The Company focused on the internal processes and the overall cost position, to bring higher efficiencies in the deployment of its resources. This internal alignment is reflective of the profitability, which achieved a healthy jump.

Earnings

The Company posted a net profit of Rs.840 million as against a profit of Rs.351 million last year representing a rise of 139%. This improvement in earnings can be attributed to cost productivity gains accrued through various internal process alignments and effective asset management measures practiced by the company in the course of the year.

Financial Position

Share Capital

As a result of the Rights Issue, which was successfully completed on 29th October 1999 and the underlying shares allotted on 26th November 1999, the equity share capital of the Company increased from Rs.283.97 million to Rs.354.94 million.

Loan Profile

As of 30th September 2000, the secured loans of the Company have been reduced by Rs.244 million over previous year mainly due to reduction in short term credit from banks during the year.

The unsecured loans of the Company stood at Rs.252 million thereby a reduction of Rs.331 million over the previous year as a result of the repayment of inter corporate deposits, fixed deposits and other short term deposits.

Loan Cost

The Company has achieved considerable success in bringing down its cost of finance. Interest cost has declined from Rs.278 million to Rs.49 million in the current fiscal. The average interest rate on the Company's borrowings is 11.29% as against 12.75% in the last year.

Debt - Equity

The debt-equity ratio as on 30th September was 0.15:1. Debt includes all secured and unsecured loans taken by the Company and Equity includes Share capital, reserves and surplus.

Asset Structure

As a result of continuous restructuring of the Balance Sheet since 1997 there has been a reduction in total assets to the tune of Rs.2"406 million over three years. The total assets on 30th September 2000 stood at Rs.10"180 million (including Rs.2"244 million of liquid assets).

Business Division's performance for 1999-2000

Energy Segment

Power Generation

The growth in Power Generation business continued to be sluggish, with no new projects taking off. In addition, some of the cleared projects also did not progress, being embroiled in deadlocks like escrow or environmental factor. As a consequence, New Orders sharply declined by 33% over the last year, whereas Turnover declined by 14%. However, the Division has posted a quantum increase in profitability, owing mainly to the Services and Automation business.

The Automation & Services Businesses were major contributors to the Order Value. The Thermal Business, dominated by the Faridabad Project, along with Automation & Services Business were the main contributors to the Turnover. The Automation group has further enhanced its competitive advantage with the introduction of new products viz. SIMEX-G Static Excitation System and the SIWIZ, a compact training unit.

Even under the adverse conditions, the division was successful in bagging some mid-sized orders; such as an order of Rs.140 million from Hindalco for the supply of C&I and installation services for 2 nos. TG Sets of 84 MW each and one from TEC for Rs.30 million for Khopoli (2X24 MW) Hydro Project.

In the hydro sector, the Baspa project is already under execution and construction has started. The Maheshwar project, which faced impediments in the last 2 years, is expected to reach financial closure in the near future and the Baglihar project is awaiting financial closure as PPA with states is still not finalised.

Power Transmission & Distribution

The Power Transmission and Distribution (PTD) business has registered a satisfactory growth of approximately 25% in New Order intake and 27% in Sales, despite the sluggish market growth in the T&D sector. Margins, however, were severely affected due to the steep price erosion and relatively high cost structure in manufacturing facilities.

The growth in the T&D segment is heavily dependent upon the growth in Power Generation segment, which has been slow moving. Also, due to the poor financial condition of the State Electricity Boards, only a few new projects in T&D were announced last year. In this backdrop, the Division in the last fiscal was relatively successful in obtaining some prestigious large value orders, which boosted the order intake.

Some of these included an order for Rs.8200 million awarded by Power Grid Corporation of India Ltd. to the Siemens AG and Siemens Ltd. consortium, for the execution of India's largest and the world's second largest transmission project using High Voltage Direct Current (HVDC) technology.

The division also received two prestigious orders of Rs.200 million and another of Rs.180 million for the supply of SCADA systems to BSES and Power Grid, respectively. On the Export front, the division was successful in getting an order of Rs.100 million from the Dhaka Electricity Supply Company, Bangladesh for Switchyards.

With a view to further augment its portfolio, Siemens has recently acquired 26% stake in VXL Landis & Gyr, which was earlier a 74% : 26% joint venture company

between Siemens AG and Birla VXL, engaged in the manufacture of various types of electrical and electronic meters. With this acquisition, Siemens has widened its spectrum in the area of T&D.

Industry

Automation & Drives

The Standard Products business, comprising of Motors and Switchgear and the Automation and Power Electronics posted fair growth with Orders increasing by 11%. Sales rose by 13%, making it the largest volume contributor to the overall Turnover of the company.

The Division's performance was built primarily on an aggressive sales strategy, leading to a more systematic market penetration. This was backed with active support to the sales channels through focused product promotion.

On the cost front, the division was successful in re-adjusting its resources to market needs. The implementation of new and effective work measurement techniques (MOST), was a significant cost saving driver. Through this, major process improvements were implemented, across all the manufacturing facilities at Kalwa, Nashik and Aurangabad, resulting in overall enhanced productivity. In addition, better asset management, in terms of inventories and receivables, dramatically reduced the capital employed.

This business is characterized by a very high number of relatively smaller orders. Some of the more significant orders bagged by the Automation & Drives Group include orders from Associated Cement Companies (ACC), Gujarat Ambuja Cement, Suzlon Energy and Otis elevators. Another area where the Group performed well was for drives for Centrifuge Machines in the Sugar industry as well as automation in the Textile industry.

Low Voltage Distribution Systems

The Low Voltage business continues to be adversely affected largely on account of two factors: a) the overall depressed market conditions affecting the demand position; and b) the extensive price erosion caused by competitive forces. As a consequence, the Order book has come down by 8% and Turnover has sharply declined by 42%, as compared to last year. This business continued to post negative results, although it has significantly improved upon its performance over the last year.

Faced with a situation of over capacity, the division embarked upon a major restructuring exercise to re-vamp its cost structure. This included outsourcing of non-core activities, promoting ancillarization, disposing off idle assets, elimination of non-value added activities, re-casting the manpower requirement, etc.

In parallel, the division improved upon the product pallet, with the introduction of the Fixed Motor Control Centre, being the first of a series of others to come. It has also intensified its market reach and has been able to make major breakthroughs into the strong bastions of competition. As a result, it has improved its strike rate and was successful in obtaining some noteworthy orders, such as; from Chettinad Cement for Rs.30 million, from NALCO for Rs.22 million and from Jindal Industries for Rs.38.5 million.

Industrial Projects

Mirroring the declining growth in the industry segment, the Industrial Projects Divisions' Order book declined by 23% as compared to last year and the Turnover also took a downturn by 14%. However, this is in line with the planned volumes for the year. Despite the adverse market situation, the division has posted a healthy margin and continues to be a major contributor to the Company's bottom line.

The division continued to hold a unique market position and offer a portfolio covering the entire life cycle of a plant as tailored to customer specifications. As such, it continued to participate as a major player in core projects, mainly on account of its technological leadership. This saw it win some significant orders. The last year also saw a shift in the characteristics of the orders, where the average values per order dropped.

Some of the significant orders received, include: from NALCO an order worth Rs.310 million for a 220 kV Converter Sub-station for their Angul Plant; from UDHE an order worth Rs.84 million for GSFC's phosphate project; from Bombay Hospital Trust an order worth Rs. 45 million for their hospital at Indore. In the meantime, work has been progressing satisfactorily on the Rs.750 million NLC Mine 1A project, the order for which was received in the last financial year.

The division has also made an entry into a new business field in India, namely, Highway Traffic Management Systems, wherein it recently received a major order of Rs.175 million from the National Highway Authority of India, where for the first time in India, a state-of-the-art Highway Traffic Management System will be installed on the Kotpulti-Amer section of the National Highway No. 8 in Rajasthan.

Healthcare

Medical Engineering

The Medical Engineering business of Siemens has stabilized after going through a difficult period over the last few years. In the year previous to the period under review, the division had received a large one-off export order. Excluding this effect, on a comparable basis, the New Orders position grew by 38% and the Turnover grew by 33%.

The successful introduction of the Volume Zoom (CT) and .2 Tesla MRI, were the major drivers for the volume growth. The Ultrasound and the Angiography business were the additional thrust areas. Last year, the service business also saw substantial growth, which contributed significantly to the margins. The Siemens UPTIME Services, a specially designed programme to suit the customer's individual needs, ensured maximum availability and reliability of their medical equipment.

Some of the significant orders received during the year, included a Rs.70 million order from Sri Satyasai Institute, Bangalore for high end CTs/Ventillators/Gamma Cameras and a Rs. 8 million order from Holy Spirit Hospital, Mumbai for High End Patient Monitors.

The Division also focused on increasing its market penetration by adding new products to its pallet. The new products included the Sonoline Adara, a whole body greyscale ultra sound system, the Multiphos 8 and 10 plus, and the Magnatom Open Viva P, the low field MRI segment, wherein Siemens emerged as a clear market leader.

The Medical Engineering Factory at Goa also stabilized and achieved a landmark by producing the 500th unit of Multi Mobile 2.5 X-ray machines in August.

Communication

Private Communication

In the last fiscal, the Private Communication Systems business grew considerably faster than the market in terms of the line penetration, although Order inflow and Sales both declined by 15% and 19% respectively. This was largely due to an extreme drop in the price levels as a consequence of competitive forces. As the systems are imported, the business faced additional price pressures from the domestic manufacturers. Despite this, the division posted a healthy margin and gained market share.

To strengthen and consolidate its position in the market, the Division introduced new products and systems in the mid and lower-end segments. These included the Hicom 150E and the ESL 8i for Offices and the Small Office Home Office (SOHO), respectively. Earlier in the year, the division has given a renewed thrust for providing innovative solutions for the Hotel industry in India.

Some of the interesting orders included: one for Rs.18 million from the Govt. of West Bengal for providing voice data and video solutions for the "Writers Building"; an order of Rs.10 million from Infosys for a 3200 line switch, making it the single largest installation in India and a 1500 line order from the Government of Orissa, covering cordless solutions. The Division also received two orders from the Vizag Port Trust for Rs.20 million covering voice and video solutions.

Transportation

Railway & Transportation Systems

The Railway & Transportation Systems (RTS) division has once again shown an impressive performance in the last fiscal. The Turnover jumped by over 57% and the division has posted a multifold increase in earnings. The order-book showed a healthy inflow, although this represented a decline, due to an extra-ordinary high inflow in the previous year.

Indian Railways is facing a severe resource crunch and the budgetary support given by the government, has been steadily declining over the last few years. The financial constraints have resulted in many projects getting delayed. As a result, several players in this segment are reeling under the pressure of underutilized capacities and lower price realization. Despite these adverse external conditions, the division has maintained an outstanding performance mainly due to the restructuring measures taken in the last two years. Simultaneously, it continued to focus on technology and quality up-gradation

In the last fiscal, the division made significant inroads in the international market, giving it the much needed additional volumes. It not only successfully completed the development of the naturally cooled inverters for air-conditioned coaches, but also completed the first local supplies for diesel locomotives in the course of the year. On the signaling side, the division continued to maintain its market leadership position and successfully executed orders for Audio Frequency Track Circuits.

Components

The Components business has registered all round growth with Orders up by 8% and Turnover up by 13%. Profitability also showed a healthy trend.

The Division's performance was backed by Design Wins in strategic sectors such as Personal Identity Cards using chip card, Thermistors in Lightning Arrestors and Capacitors in inverters/converters used in railways. Another contributing factor has been the introduction of new products, which were successfully marketed through a strengthened channel partner network.

A major achievement of the division has been the increase in the sales of Solar Modules to various Government funded projects. Another breakthrough was in the AC capacitor Segment wherein the Division has successfully launched new products and retained its undisputed leadership.

With the IT industry growing at a rapid pace in India, the related hardware has created a demand for high end and fast Surface Mounted Technology (SMT) Machines, which have been successfully introduced.

Information Technology

Siemens Information Systems Ltd.

Siemens Information Systems Limited (SISL), a joint venture between Siemens Ltd. (74.8%) and Siemens AG

(25.2%) has shown a healthy growth for the last financial year. The Company received new Orders worth Rs. 2001 million representing a rise of 21%. The Turnover, grew to Rs.1779 million, 61% of which was contributed by exports. The Company posted a PBT of Rs.228 million.

Some of the significant orders included an order from the Times of India for a complete media solution comprising media advertising management and pre-press solution worth Rs.100 million; a Hospital Management System for Bhopal Hospitals worth Rs.130 million; an ERP implementation HR module for ONGC worth Rs.60 million.

The most noteworthy project executed by SISL was in the domestic market for Unit Trust of India. It offered consulting services, implemented the ERP software SAP R/3 and integrated the same with existing legacy systems. The Company was also successful in the implementation of a project for Reliance Telecom, worth Rs.160 million, which entailed prepaid and postpaid customer care and billing solution.

The Company was also assessed at Level 4 on SEI's Software Engineering Capability Maturity Model.

Outlook for Siemens Ltd.

The Industry and Infrastructure segments are expected to remain flat for the next 12-18 months. The competition is expected to intensify, bringing down the price levels. The rise in inflation is expected to drive an increase in costs. The over capacity with all manufacturers is bound to create pressures, causing further price erosion.

In the area of infrastructure, which is a key factor in the development of the country, much remains to be done. The opening of the health and general insurance sector to private players, is being seen as a boost to the economy. But the effects are not going to be felt for the next 12-18 months.

With the economy remaining flat and not many new projects on the anvil, the Company will further look for avenues to increase volumes through a customer focused approach. Besides, penetrating further into the existing markets, it will explore new and untapped markets with new products, technology and solutions. The Company plans to continue with its emphasis on cost reduction, through the alignment of various internal processes and the asset management measures already being practiced. Simultaneously, the Company plans to focus its activities on the customer, to emerge as the preferred partner.

Siemens, though not unscathed by the events of the past, has emerged much stronger and leaner than ever before. It continues to enjoy the goodwill of customers and provides them with world class products and solutions. It remains, perhaps, the only Company to offer a wide spectrum of products and solutions. With its internal processes all aligned, Siemens remains well equipped for the future.

Auditors' Report to the Members of Siemens Ltd.

We have audited the attached Balance Sheet of Siemens Ltd at 30 September 2000 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;
 - the Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;
 - in our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting

Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

- in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - in the case of the Balance Sheet, of the state of affairs of the Company at 30 September 2000; and
 - in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Vikram Utamsingh
Partner

Mumbai
13 November 2000

Annexure to the Auditor's report

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of Siemens Ltd on the accounts for the year ended 30 September 2000, we report that:

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and locations. The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The physical verification carried out during the year in accordance with the programme has not resulted in any significant discrepancies.
2. None of the fixed assets have been revalued during the year.
3. The inventories of finished goods, stores, spare parts and raw materials have been physically verified by management during the year. In our opinion, the frequency of physical verification is reasonable.
4. The procedures for physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies identified on verification between physical inventories and book records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of the inventory records, in our opinion the valuation of inventories is fair and proper in accordance with normally accepted accounting principles, and is on the same basis as in the previous year.
7. According to the information and explanations given to us, there are no companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and the Company has not taken any loans, secured or unsecured from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. According to the information and explanations given to us, there are no companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. During the year, the Company has granted short-term unsecured loans to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956, which have been repaid. In our opinion, the rate of interest and other terms and conditions of such loans

are prima facie not prejudicial to the interest of the Company.

9. The parties to whom loans or advances in the nature of loans were given by the Company are regular in repaying the principal amounts as stipulated and interest where applicable.
10. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment other assets and for the sale of goods.
11. We are informed that there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials, finished goods, and adequate provision has been made in the accounts for the losses arising on the items so determined.
13. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, the Companies (Acceptance of Deposits) Rules, 1975 and the directives issued by the Reserve Bank of India with regard to deposits accepted from the public.
14. In our opinion, proper records have been maintained by the Company for the sale and disposal of scrap. The Company's activities do not generate any by-products.
15. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
16. The Central Government has prescribed the maintenance of cost accounting records under Section 209(1)(d) of the Companies Act, 1956 in respect of Electrical Motors. In our opinion, the prescribed accounts and records have been made and maintained.
17. The Company has been generally regular in depositing Provident Fund and Employees' State Insurance dues during the current year with the appropriate authorities.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which are outstanding at 30 September 2000 for a period of more than six months from the dates that they became payable.

19. On the basis of our examination of the books of account carried out by us, and according to the information and explanations given to us, no personal expenses have been charged to the Profit and Loss Account other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In our opinion, for service activities, the Company has a reasonable system, commensurate with its size and the nature of its business for:

- recording receipts, issues and consumption of materials and stores and allocating materials consumed to each project;
- allocating man-hours utilised to each project; and
- authorisation and control over the issue of stores and allocating stores and labour costs to each project.

22. As explained to us there are no significant damaged goods in respect of the trading activities of the Company.

For Bharat S Raut & Co.
Chartered Accountants

Vikram Utamsingh
Partner

Mumbai
13 November 2000

Auditors' Report to the Board of Directors, Siemens Ltd.

We have examined the attached cash flow statement of Siemens Ltd for the year ended 30 September 2000. The statement has been prepared in accordance with the requirements of Clause 32 of listing agreements with the Stock Exchanges and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 13 November 2000, to the members of the Company.

For Bharat S Raut & Co.
Chartered Accountants

Vikram Utamsingh
Partner

Mumbai
13 November 2000

Balance Sheet
at 30 September 2000
(Currency: Indian rupee)

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	354,942	1,353,970
Reserves and surplus	3	2,480,817	591,130
		2,835,759	1,945,100
Loan funds			
Secured loans	4	169,723	413,836
Unsecured loans	5	251,759	583,557
		421,482	997,393
		3,257,241	2,942,493
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	5,480,873	5,433,427
Accumulated depreciation		(3,071,539)	(2,704,893)
Net block		2,409,334	2,728,534
Capital work-in-progress		40,796	110,652
		2,450,130	2,839,186
Investments	7	543,984	411,459
Current assets, loans and advances			
Inventories	8	805,956	1,198,161
Sundry debtors	9	3,251,522	3,217,038
Cash and bank balances	10	2,244,463	771,974
Loans and advances	11	884,514	1,171,401
		7,186,455	6,358,574
Current liabilities and provisions			
Current liabilities	12	(6,247,719)	(6,133,771)
Provisions	13	(675,609)	(532,955)
		(6,923,328)	(6,666,726)
Net current assets/(liabilities)		263,127	(308,152)
		3,257,241	2,942,493

The accompanying notes set out on pages 39 to 55 form an integral part of this balance sheet.
As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

Ashok P. Jangid
Corporate Secretary

Vikram Utamsingh
Partner

For Siemens Ltd.

Dr. F. A. Mehta

Chairman

J. Schubert

Managing Director

W. A. Kroll

Executive Director

S. K. Thackersey

D. C. Shroff

Y. H. Malegam

P. M. Thampi

A. B. Nadkarni

Harminder Singh

O. P. Narula

Directors

Mumbai
13 November 2000

Mumbai
9 November 2000

Profit and Loss Account
for the year ended 30 September 2000
(Currency: Indian rupee)

Siemens Ltd.

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
Income			
Sales and services	14	10,832,751	10,505,882
Other income	15	896,387	715,059
		11,729,138	11,220,941
Expenditure			
Cost of sales and services		7,519,282	7,001,920
Personnel costs	16	1,478,611	1,299,105
Interest	17	48,852	278,200
Depreciation		315,012	358,079
Other costs	18	1,576,040	1,934,188
		10,937,797	10,871,492
Profit before tax and exceptional item		791,341	349,449
Exceptional item	19	154,863	31,550
Profit before tax adjustments		946,204	380,999
Tax adjustments	20	(106,161)	(29,795)
Net profit after tax		840,043	351,204
Accumulated loss brought forward		(372,533)	(723,737)
Available for appropriation		467,510	(372,533)
Appropriations:			
Proposed dividend		(223,761)	—
Dividend tax		(49,227)	—
Transfer to general reserve		(194,522)	—
Balance carried forward		—	(372,533)

The accompanying notes set out on pages 39 to 55 form an integral part of this profit and loss account.

As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

Ashok P. Jangid
Corporate Secretary

Vikram Utamsingh
Partner

Mumbai
13 November 2000

For Siemens Ltd.

Dr. F. A. Mehta

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Y. H. Malegam

P. M. Thampi

A. B. Nadkarni

Harminder Singh

O. P. Narula

Mumbai
9 November 2000

Chairman

Managing Director

Executive Director

Directors

Cash Flow Statement for the year ended 30 September 2000 (Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
Cash flow from operating activities		
Profit before tax adjustments	946,204	380,999
Adjustments for:		
Interest expense	48,852	278,200
Exceptional items	(154,863)	(31,550)
Depreciation	413,247	490,313
Loss/(profit) on sale of fixed assets (net)	(47,293)	(73,597)
Provision for diminution in value of investments	6,870	20,000
Loss/(profit) on sale of investments (net)	4,509	(4,500)
Exchange loss (net)	4,114	1,621
Interest and dividend accrued	(299,781)	(142,090)
Lease equalisation charge	24,216	3,903
DOT discounting costs	40,118	5,029
Operating profit before working capital changes	986,193	928,328
(Increase)/decrease in working capital		
Inventories	392,205	308,920
Trade payables	380,744	445,966
Trade and other receivables	48,597	1,056,477
Provisions	25,666	9,225
Net change in working capital	847,212	1,820,588
Cash generated from operations	1,833,405	2,748,916
Payments for restructuring costs	(94,583)	(505,089)
Direct taxes (paid)/refund	76,168	93,225
Net cash inflow/(outflow) from operating activities	1,814,990	2,337,052
Cash flow from investing activities		
Purchase of fixed assets	(86,389)	(317,223)
Proceeds from sale of fixed assets	109,491	80,491
Sale/(Purchase) of investments	(143,904)	(3,058)
Interest received	188,091	29,890
Dividend received	111,690	112,200
Net cash from/(used in) investing activities	178,979	(97,700)
Cash flow from financing activities		
Dividend paid	(262)	(799)
Debentures redeemed	-	(1,050,000)
(Decrease)/Increase in short term borrowings	(438,510)	342,160
(Decrease)/Increase in long term borrowings	(137,401)	(556,995)
Interest paid	(123,911)	(279,185)
Proceeds from issue of equity shares on right basis	1,419,439	-
Issue of 10.5% Cumulative Preference shares	-	570,000
Redemption of preference shares	(1,070,000)	(570,000)
Premium on redemption of preference shares	(170,835)	(65,800)
Net cash used in financing activities	(521,480)	(1,610,619)
Net increase in cash and cash equivalents	1,472,489	628,733
Cash and cash equivalents at end of the year	2,244,463	771,974
Cash and cash equivalents at beginning of the year	(771,974)	(143,241)
	1,472,489	628,733

Ashok P. Jangid
Corporate Secretary

For Siemens Ltd.

Dr. F. A. Mehta

J. Schubert

W. A. Kroll

S. K. Thackersey

D. C. Shroff

Y. H. Malegam

P. M. Thampi

A. B. Nadkarni

Harminder Singh

O. P. Narula

Mumbai

9 November 2000

Chairman

Managing Director

Executive Director

Directors

Notes to the financial statements for the year ended 30 September 2000 (Currency: Indian rupee)

Siemens Ltd.

1 Principal accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

1.2 Fixed assets and depreciation

- Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight line method ('SLM') at the rates prescribed in the Company's group accounting guidelines. In respect of additions, depreciation is provided prorata from the date the assets are put to use. The SLM rates prescribed in the Company's group accounting guidelines are greater than or equal to the corresponding minimum rates prescribed in Schedule XIV to the Companies Act, 1956. The key fixed assets and related depreciation rates are:

Asset	Rate
Freehold land	-
Factory buildings	3.34%
Other buildings	2%
Leasehold land and buildings	Over the lease period
Plant and machinery	20%
Furniture and fittings	20%
Office equipment	33 1/3%
Assets at project sites	Over the life of the project
Special machine tools	10%
Vehicles	25%

- Equipment given on lease is stated at fair value and is depreciated on the SLM basis over the primary lease period.

1.3 Investments

Long term investments are stated at cost. Provision is made when permanent diminution in value has arisen in the opinion of the management.

1.4 Inventories

- Raw materials are valued at the lower of cost and net realisable value. Cost is determined on the basis of the first-in, first-out or the weighted average method.
- Work-in-progress is valued at the lower of cost and net realisable value. Cost includes direct material and labour cost and appropriate portion of factory overheads.
- Finished goods are valued at the lower of cost and net realisable value. Cost includes direct material and labour cost and appropriate factory overheads.
- Excise duty on goods produced is included in the value of finished goods inventory. At 30 September 2000, in accordance with the revision in the Guidance Note on Treatment of Excise Duty issued by the Institute of Chartered Accountants of India, the Company has included unpaid excise duty on goods at the factory premises in the value of finished goods inventory. Previously, such excise duty was accounted for on despatch from the factory. This has no effect on the net profit for the year and the shareholders funds at 30 September 2000. Customs duty on goods is accounted for on release from bonded warehouses.

Notes to the financial statements (*continued*) for the year ended 30 September 2000 (Currency: Indian rupee)

1.5 **Revenue recognition**

- Sales of products and services are recognised on despatch of goods or when the service has been provided. Sales are stated exclusive of excise duty and sales tax.
- Income from long term contracts is recognised by reference to the estimated overall profitability of the contract under the percentage of completion method. Full provision is made for any loss in the year in which it is first foreseen.
- Commission income is recognised when proof of shipment is received from the overseas supplier.
- Dividend income is recognised when the right to receive the dividend is unconditional at the balance sheet date.

1.6 **Leases**

Lease rentals comprising the principal recovery of the net investment in the fixed asset and interest are credited to the profit and loss account with a corresponding depreciation charge for the related asset. The difference between the principal recovery and the depreciation charge is debited/credited to the profit and loss account through a lease equalisation charge/credit such that only the interest component, arrived at by applying an implicit Internal Rate of Return ('IRR'), is recognised as income. Cost of discounting the lease rentals is appropriated over the balance lease period.

1.7 **Employee benefits**

- The Company maintains retirement benefit schemes for its employees and accounts for them in accordance with Accounting Standard 15 on 'Accounting for Retirement Benefits'.
- Gratuity, leave encashment costs and pension under the pension scheme, which are defined benefits, are accrued for based on actuarial valuations at the balance sheet date carried out by an independent actuary.
- Contributions to the recognised provident fund and approved superannuation scheme, which are defined contribution schemes, are charged to the profit and loss account monthly.

1.8 **Foreign currency transactions**

- Foreign currency current assets and current liabilities outstanding at the balance sheet date are translated at the exchange rates prevailing on that date and the net gain or loss is recognised in the profit and loss account. All other foreign currency gains and losses are recognised in the profit and loss account.
- Foreign currency translation differences relating to fixed assets are adjusted in the carrying cost of the fixed assets.
- The cost of forward exchange contracts is amortised over the period of the contracts.

1.9 **Research and development**

Research and development expenditure of a revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is capitalised as fixed assets.

1.10 **Technical know-how fees**

Technical know-how fees are charged to the profit and loss account in the year in which the expense is incurred.

1.11 **Taxation**

Provision is made for income tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income-tax Act, 1961. Taxation deferred as a result of timing differences between the accounting and taxable profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise. Deferred tax asset is recognised only when the asset is expected to be realised. Deferred tax assets previously recognised which are now not considered recoverable are written off equally over a period of four years.

During the year, the Company accelerated its write off and fully wrote off the deferred tax asset. Accordingly an additional amount of Rs. 29,795,000 was written off during the year.

1.12 **Restructuring costs**

In accordance with historical practices, the Company provides for restructuring costs when the management commits the Company to a restructuring programme.

	30 September 2000 Rs'000	30 September 1999 Rs'000
2 Share capital		
Authorised		
50,000,000 equity shares of Rs. 10 each	500,000	500,000
150,000,000 10.5% cumulative redeemable preference shares of Rs. 10 each	1,500,000	1,500,000
	2,000,000	2,000,000
Issued		
35,667,050 (1999: 35,667,050) equity shares of Rs. 10 each	356,671	356,671
Nil (1999: 107,000,000) 10.5% cumulative redeemable preference shares of Rs. 10 each	-	1,070,000
	356,671	1,426,671
Subscribed and fully paid-up		
35,494,197 (1999: 28,397,000) equity shares of Rs. 10 each fully paid-up	354,942	283,970
Nil (1999: 107,000,000) 10.5% cumulative redeemable preference shares of Rs. 10 each fully paid-up	-	1,070,000
	354,942	1,353,970

Equity shares

- 150,000 (1999: 150,000) shares have been allotted as fully paid-up for consideration received other than in cash;
- 11,100,000 (1999: 11,100,000) shares have been allotted as fully paid-up bonus shares by capitalisation of the general reserve; and
- 18,103,087 (1999: 14,482,470) shares are held by the holding company, Siemens AG, Germany.
- On 30 September 1999, the Company made an offer of shares on a rights basis to its existing shareholders in the ratio of one share for every four shares held, at a premium of Rs. 190 per share. The said rights shares were subscribed to in full and the Committee of Directors in its meeting held on 26 November 1999 made an allotment except for 2,576 shares held in abeyance. At the Board Meeting held on 28 April 2000, 523 shares out of the 2,576 shares held in abeyance were allotted.

Preference shares

The preference shares of Rs. 1,070,000,000 were redeemed on 29 November 1999 out of the proceeds of the rights issue and the premium on redemption of Rs 170,835,000 was adjusted as set out below:

- Rs. 145,000,000 from the provision for redemption premium created out of the share premium account at 30 September 1999; and
- Rs. 25,835,000 from the share premium account.

Notes to the financial statements (*continued*)
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs'000	30 September 1999 Rs'000
3 Reserves and surplus		
Capital reserve	688	688
Share premium account		
– Balance brought forward	946,375	1,157,175
– Premium on issue of right shares	1,348,467	
– Provision for redemption premium	–	(145,000)
– Utilised for premium on redemption of preference Shares	(25,835)	(65,800)
	2,269,007	946,375
Export turnover reserve		
– Balance brought forward	16,600	16,600
– Transfer to general reserve	(16,600)	–
	–	16,600
General reserve		
– Balance brought forward	–	–
– Transfer from export turnover reserve	16,600	–
– Transfer from profit and loss account	194,522	–
	211,122	–
Profit and loss account	–	(372,533)
	2,480,817	591,130
4 Secured loans		
From Banks		
– Short term	169,723	413,836
	169,723	413,836
Short term loans from banks:		
Short term loans from banks for working capital purposes are secured by hypothecation by way of a first charge on inventories, stores and spares, book debts and other receivables, both present and future.		
5 Unsecured loans		
Long term		
– sales tax deferral	33,752	33,752
– from others	215,507	352,908
Short term - from others	2,500	52,500
Inter corporate deposits	–	43,000
Fixed deposits (includes RsNil payable within one year, 1999: Rs101,397,000)	–	101,397
	251,759	583,557

6 Fixed assets

(Rs '000)

	Land and Buildings	Plant and Machinery	Furniture, Fittings and Office Equipment	Vehicles	Equipment given on lease	Total	Previous year
Gross block							
At 1 October 1999	1,649,299	2,189,178	817,855	21,603	755,492	5,433,427	5,065,181
Additions	18,623	82,677	51,025	3,920	-	156,245	401,307
Disposals	(244)	(95,942)	(10,336)	(2,277)	-	(108,799)	(33,061)
At 30 September 2000	1,667,678	2,175,913	858,544	23,246	755,492	5,480,873	5,433,427
Accumulated depreciation							
At 1 October 1999	205,227	1,365,659	626,612	17,347	490,048	2,704,893	2,240,747
Charge for the year	35,304	185,589	91,823	2,296	98,235	413,247	490,313
Disposals	(106)	(35,031)	(9,332)	(2,132)	-	(46,601)	(26,167)
At 30 September 2000	240,425	1,516,217	709,103	17,511	588,283	3,071,539	2,704,893
Net block							
At 30 September 2000	1,427,253	659,696	149,441	5,735	167,209	2,409,334	2,728,534
At 30 September 1999	1,444,072	823,519	191,243	4,256	265,444	2,728,534	

Included in the gross block of land and buildings at 30 September 2000 is freehold land of Rs. 26,642,000 (1999: Rs.26,642,000), leasehold land of Rs.105,152,450 (1999: Rs.105,152,450) and 2,247 (1999: 2,247) shares of Rs.50 each in various co-operative housing societies.

Accumulated depreciation on leasehold land at 30 September 2000 amounts to Rs.16,811,305 (1999: Rs.14,182,466).

7 Investments (long term, unquoted)

Non-Trade

In government securities

National Savings Certificates

5

5

In mutual funds

347,446 (1999: 347,446) units of Rs.10 each in Unit Scheme 1964, Unit Trust of India (repurchase price: Rs.4,690,521; 1999: Rs.4,690,521)

4,166

4,166

In Housing Development Finance Corporation Bonds

- Series I to IV 13%
- Series I to IV 14.5%

7,000

7,000

12,000

12,000

Shares in subsidiary companies

5,100,000 (1999: 5,100,000) equity shares of Rs.10 each fully paid-up in Siemens Information Systems Ltd (74.8% holding; 1999: 74.8% holding)

51,000

51,000

Nil (1999: 8,160,000) equity shares of Rs.10 each

fully paid-up in Siemens Telecom Ltd (Nil holding; 1999: 51%)

-

81,600

Less: Provision for diminution in value

-

(57,000)

-

24,600

Nil (1999: 5,763,000) 11% cumulative preference shares of Rs.10 each fully paid-up in Siemens Telecom Ltd

-

57,630

Notes to the financial statements
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
Trade		
Shares in other companies		
5,325,000 (1999: 5,325,000) equity shares of Rs. 10 each fully paid-up in Siemens Public Communication Networks Ltd (formerly Siemens Communication Software Ltd) (30% holding; 1999: 30% holding)	239,250	239,250
Nil (1999: 2,450,000) equity shares of Rs. 10 each fully paid-up in Siemens Nixdorf Information Systems Ltd (Nil holding; 1999: 26% holding)	-	24,500
Less: Provision for diminution in value	-	(20,000)
	-	4,500
8,320,000 (1999: Nil) equity Shares of Rs. 10 each fully paid-up in VXL Landis & Gyr Ltd (26% holding; 1999: Nil holding)	226,125	-
Debentures		
740,040 (1999: 740,040) 18% non-convertible debentures of Rs. 100 each in Mid-East Integrated Steel Ltd	74,004	74,004
Less : Provision for diminution in value	(69,566)	(62,696)
	4,438	11,308
	543,984	411,459

During the year, the Company purchased and sold 2,500,000 equity shares of Rs. 10 each of Siemens Automotive Systems Ltd (100% holding). These shares were purchased at the face value and sold for a consideration of Rs. 36,000,000.

8 Inventories		
Raw materials	223,295	309,859
Work-in-progress		
- factory related	197,676	278,749
- project related	161,966	194,353
Finished goods	223,019	415,200
	805,956	1,198,161
9 Sundry debtors		
Debts outstanding		
- over six months	1,009,163	1,018,469
- other debts	2,618,619	2,676,564
	3,627,782	3,695,033
of which		
- considered good	3,251,522	3,217,038
- considered doubtful	376,260	477,995
	3,627,782	3,695,033
Less: Provision for doubtful debts	(376,260)	(477,995)
	3,251,522	3,217,038
Sundry debtors are unsecured and include:		
Amounts receivable in instalments beyond one year	90,739	96,500
Retentions on project related work	501,642	442,885

During the year, the Company refined its estimation process of providing for doubtful debts, based on its commercial judgement. The revised estimation process more appropriately reflects the fair recoverable value of receivables. This has resulted in an additional net write-back of provision for doubtful debts of Rs. 40.28 million.

	30 September 2000 Rs '000	30 September 1999 Rs '000
10 Cash and bank balances		
Cash in hand	19,658	29,750
Cheques in hand	148,629	252,057
Balances with scheduled banks		
– on current account	243,989	478,617
– on deposit account	1,821,949	1,788
Balances with other banks [See note 25.1 (iii)]	10,238	9,762
	2,244,463	771,974
11 Loans and advances (unsecured)		
Advances recoverable in cash or in kind or for value to be received		
– considered good	697,509	703,636
– considered doubtful	125,914	140,203
	823,423	843,839
Less: Provision for doubtful advances	(125,914)	(140,203)
	697,509	703,636
Lease equalisation account	67,694	91,910
Advance payments of income tax, less provision	85,792	208,531
Balances with customs, port trusts and excise authorities on current account	33,519	105,996
Deferred tax asset	–	59,590
Bills of exchange	–	1,738
	884,514	1,171,401
12 Current liabilities		
Sundry creditors	4,677,212	4,581,304
Advances from customers	1,567,452	1,369,209
Unclaimed dividends	556	818
Interest accrued but not due on loans	2,499	37,440
Provision for premium on redemption of preference shares	–	145,000
	6,247,719	6,133,771
Advances from customers include progress payments and advances received on project related work of Rs. 895,222,077 (1999: Rs. 712,734,000).		
13 Provisions		
Pension	140,953	137,900
Restructuring	176,750	332,750
Proposed dividend	223,761	–
Tax on proposed dividend	49,227	–
Others	84,918	62,305
	675,609	532,955

Notes to the financial statements
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
14 Sales and services		
Sales	10,617,150	10,326,932
Commission income	215,601	178,950
	10,832,751	10,505,882
15 Other income		
Lease rentals	163,016	155,522
Lease equalisation charge	(24,216)	(3,903)
Discounting costs	(40,118)	(5,029)
Depreciation	(98,235)	(98,234)
Lease income, net	447	48,356
Interest (includes tax deducted at source Rs. 8,535,847; 1999: Rs. Nil)	184,937	26,352
Recoveries from associate and subsidiary companies	373,500	284,018
Income from non-trade investments (includes tax deducted at source Rs. Nil; 1999: Rs. 138,978)	3,154	3,538
Dividend from a subsidiary company	111,690	112,200
Export incentives	58,781	47,995
Profit on sale of assets (net)	47,293	73,597
Profit on sale of investments	-	4,500
Sundries	116,585	114,503
	896,387	715,059
Depreciation on equipment given on lease of Rs. 98,235,000 (1999: Rs. 98,234,000) is reduced from lease income.		
16 Personnel costs		
Salaries, wages and bonus	1,152,494	974,870
Contributions to provident and other funds	184,672	163,471
Contribution to pension funds	3,053	12,237
Workmen and staff welfare	138,392	148,527
	1,478,611	1,299,105
17 Interest		
On debentures and fixed loans	2,672	139,206
Other interest	46,180	138,994
	48,852	278,200

	30 September 2000 Rs '000	30 September 1999 Rs '000
18 Other costs		
Travel and conveyance	317,181	345,006
External software services	226,606	275,128
Communications	174,298	176,724
Power and fuel	132,008	105,032
Rates and taxes	90,859	64,195
Advertising and publicity	63,654	45,424
Packing and forwarding	58,135	79,139
Legal and professional	55,525	94,626
Rent	53,613	73,834
Repairs and maintenance		
– on machinery	28,669	26,940
– on building	65,483	59,439
– others	50,185	99,567
Office supplies, printing and stationery	39,512	44,448
Insurance	32,813	22,078
Spares and stores	22,850	20,192
Share issue expenses	10,934	2,609
Provision for diminution in value of investments	6,870	20,000
Loss on sale of investments, net	4,509	-
Exchange loss (net)	749	60,093
Directors fees	72	73
Commission to directors	11,846	-
Net write back of provision for doubtful debts and advances (See note 9)	(116,024)	(145,418)
Miscellaneous	245,693	465,059
	1,576,040	1,934,188
19 Exceptional item		
Net write back of restructuring the business operations of the Company	154,863	31,550
	154,863	31,550
20 Tax adjustments		
Provision for tax	(46,571)	-
Deferred tax asset adjustment (see note 1.11)	(59,590)	(29,795)
	(106,161)	(29,795)
22 Amounts due to small scale industries		
Included in sundry creditors at 30 September 2000 are dues to small scale industries of Rs.319,651 (1999: Rs.107,008). There are no individual amounts exceeding Rs.100,000 and outstanding for more than 30 days.		
23 Commitments		
The estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, was Rs.26,251,516 at 30 September 2000 (1999: Rs.9,352,274).		
Future lease commitments at 30 September 2000 amounted to Rs.332,715,336 (1999: Rs.410,290,586).		

Notes to the financial statements
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
24 Contingent liabilities		
Bills discounted	283,169	176,638
Taxation matters:		
■ In respect of certain completed assessments where matters are under appeal by the Company	26,542	144,890
■ In respect of appeals decided in favour of the Company, but disputed further by income tax authorities	106,166	104,430
Excise/sales tax matters (net of tax) under dispute	149,170	271,050
Bank and other guarantees	3,257,988	3,155,186
Claims against the Company not acknowledged as debts	205,790	411,447
	4,028,825	4,263,641
25 Supplementary statutory information		
25.1 Balance sheet		
(i) Debtors		
Included in debtors		
Dues from companies under the same management		
– Siemens Nixdorf Information Systems Ltd	–	18,218
– Siemens Public Communication Networks Ltd	12,301	9,647
– Siemens Automotive Systems Ltd	4,357	7,624
– Osram India Ltd	964	1,388
– BSH Home Appliances Pvt. Ltd.	1,225	2,073
– Siemens Hearing Instruments Pvt. Ltd.	965	544
– Landis & Staefa India Pvt. Ltd.	3,735	1,272
– Siemens Power Engineering Pvt. Ltd.	5,364	–
– Powerplant Performance Improvement Ltd.	36,413	–
(ii) Loans and advances		
Included in loans and advances are		
(a) Dues from a director of the Company (maximum amount outstanding during the year Rs.5,222,044; 1999: Rs.4,641,748)	5,164	1,860
(b) Dues from an officer of the Company (maximum amount outstanding during the year Rs.144,041; 1999: Rs.182,383)	96	144
(iii) Cash and bank balances		
Bank balances with others in current account:		
– Citibank, Colombo	9,590	3,424
– The Hongkong & Shanghai Banking Corporation Ltd, Bangkok and Kuala Lumpur	510	4,903
– Myanmar Economic Bank, Burma	55	55
– ANZ Grindlays Bank, Nepal	51	180
– State Bank of India, Dhaka	32	32
– ANZ Grindlays Bank, Dhaka	–	1,168
	10,238	9,762

	30 September 2000 Rs '000	30 September 1999 Rs '000
Maximum amount outstanding at any time during the year:		
- Citibank, Colombo	9,784	13,020
- The Hongkong & Shanghai Banking Corporation Ltd, Bangkok and Kuala Lumpur	4,903	4,903
- Myanmar Economic Bank, Burma	55	55
- ANZ Grindlays Bank, Nepal	180	2,425
- State Bank of India, Dhaka	32	32
- ANZ Grindlays Bank, Dhaka	1,167	1,167

25.2 Profit and Loss account

(i) Managerial remuneration

Personnel and other costs include managerial remuneration for directors as set out below:

Salary	6,660	6,670
Perquisites	4,481	4,528
Commission	11,846	-
Contribution to provident fund	475	479
Contribution to superannuation	594	599
	24,056	12,276

Computation of commission to the Managing Director and other directors:

Profit as per the Profit and Loss Account	840,043	351,204
Add:		
Managing and other director's remuneration and commission	24,056	12,276
Depreciation charged in the accounts	413,247	490,313
Profit on sale of fixed assets (net) as per Section 349	113	200
Write-back of provision for doubtful debts and advances, net	(116,024)	(145,418)
Tax adjustment	106,161	29,795
Provision for wealth tax	9,000	9,000
Write-back of exceptional item	(154,863)	(31,550)
Provision for diminution in value of investment	6,870	20,000
Loss/(profit) on sale of investment	4,509	(4,500)
Less:		
Profit on sale of fixed assets (net) as per Profit and Loss account	(47,293)	(73,597)
Depreciation as per Section 350 of the Companies Act, 1956	(364,842)	(372,071)
Net profit before adjustment of carried forward loss as per Section 349 of the Companies Act, 1956	720,977	285,652
Unadjusted loss of prior year calculated in accordance with Section 349 of the Companies Act, 1956	(109,537)	(395,189)
Net profit/(loss) as per Section 349 of the Companies Act, 1956	611,440	(109,537)
Commission to managing and whole-time directors at 10% of the net profits as calculated above, provided at	9,846	-
Commission to other directors at 1% of the net profits as calculated above, provided at	2,000	-
	11,846	-

Commission to certain whole-time directors aggregating to Rs. 6,096,000 is payable on receipt of approval from the Central Government

Notes to the financial statements
for the year ended 30 September 2000
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
25.2 Profit and Loss account (continued)		
(ii) Auditors' Remuneration		
– Audit fee	3,800	3,500
– Tax audit fee	1,200	1,000
– Other services	266	2,152
– Reimbursement of expenses	202	371
	5,468	7,023
(iii) Research and development expenditure incurred and charged to the profit and loss account	14,933	25,878
(iv) Earnings and expenditure in foreign exchange:		
(a) Earnings in foreign currency		
– Export of goods/software		
Direct on FOB basis	1,183,769	1,324,271
Under IDA/IBRD/ADB credit	-	4,042
– Commission	207,147	163,025
– Service charges and others	72,509	54,180
(b) Expenditure in foreign exchange:		
– Travelling	24,340	24,980
– Installation charges	38,709	260
– Expenditure on contracts at foreign sites	84,827	26,834
– Interest	-	163
– Commission	2,902	4,798
– Service charges	144,821	42,803
– Other	35,723	8,067
(c) Value of imports calculated on CIF basis:		
– Raw material	462,988	367,821
– Components and spare parts	2,233,110	1,802,213
– Capital goods	6,597	-

26 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:**(i) Sales and services****Class of goods**

Refer notes (a) and (d) below

	30 September 2000		30 September 1999	
	Quantity	Value Rs'000	Quantity	Value Rs'000
Switchgear items		1,692,580		1,167,942
Electric motors/generators	23,856	1,330,243	12,641	1,029,178
Switchboards, control boards and miscellaneous accessories		602,695		1,826,136
X-Ray equipment		700,000		423,000
Measuring and control instruments		377,101		335,411
Railway signalling equipment		836,695		531,809
Variable speed AC/DC drive systems, motor control modules and programmable control systems		838,132		803,203
Protection systems		48,048		85,131
Data acquisition, logging and control systems		150,397		49,300
EPABX/EPAX/Intercom and key telephone systems		475,719		590,893
Medical electronic diagnostic equipment		762,841		1,168,059
Others		2,898		189,499
Installation and other services		2,799,801		2,127,371
		10,617,150		10,326,932
Commission income		215,601		178,950
		10,832,751		10,505,882

(ii) Raw materials, bought out components and spare parts consumed during the year

		30 September 2000		30 September 1999	
Refer note (e) below	Unit	Qty	Value Rs'000	Qty	Value Rs'000
Copper flats, strips and profiles	MT	215	36,190	244	38,319
Enameled copper wire	MT	272	45,211	310	49,587
Brass sheets and strips	MT	29	9,404	93	30,389
Aluminium ingots, profiles and castings	MT	538	20,687	476	24,692
Iron and steel castings and shafts	MT	2,187	76,168	1,695	57,124
Dynamo steel sheets, strips and laminations	MT	2,472	106,206	2,136	95,627
Hot rolled and cold rolled steel sheets, strips, housings, etc	MT	1,473	31,841	1,978	47,209
Cables and wires	Kms	2,106	14,301	6,451	24,619
Silver components	Kgs	3,132	45,325	2,678	30,083
Ball and roller bearings	Nos	35,096	14,970	34,063	10,158
Thyristors, diodes and transistors	Nos	351,078	20,623	747,741	26,785
X-Ray tubes	Nos	618	30,588	352	16,688
Amphenol terminals	Nos	89,227	973	153,846	1,859
Vacuum tubes	Nos	7,842	103,955	8,941	166,951
Integrated circuits	Nos	58,824	5,523	241,463	16,673
Capacitors and condensers	Nos	345,932	21,535	600,950	25,769
Printed circuit boards	Nos	20,294	26,151	85,579	27,886
Aluminium components			20,432		15,944
Steel components			155,543		162,249
Copper and copper alloy components			62,710		59,137
Insulation materials			71,115		63,771
Packing wood and cartons			6,257		8,234
Equipment			446,676		449,141
Others			551,035		554,937
			1,923,419		2,003,831

Notes to the financial statements
for the year ended 30 September 2000
(Currency: Indian rupee)

26 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

(iii) *Imported and indigenous raw materials and spare parts consumed*

	30 September 2000		30 September 1999	
	Value	% of total	Value	% of total
	Rs'000	consumption	Rs'000	consumption
Imported	468,761	24	436,198	22
Indigenous	1,454,658	76	1,567,633	78
	1,923,419	100	2,003,831	100

(iv) *Inventories*

Refer note (a) below Class of goods	30 September 2000		30 September 1999	
	Quantity	Value	Quantity	Value
		Rs'000		Rs'000
Switchgear items		63,083		90,946
Electric motors/generators	914 Nos	35,994	2,124 Nos	42,075
Switchboards, control boards, etc		2,757		11,750
X-Ray equipment		7,200		21,502
Electromedical equipment		7,300		18,432
CT and other diagnostic equipment		5,505		87,446
Measuring and control instruments		—		10,752
Railway signalling equipment		3,677		4,965
Variable speed AC/DC drive systems, motor control modules and programmable control systems		47,507		24,878
Protection systems / uninterrupted power supply systems		4,788		14,089
Others		45,208		88,365
		223,019		415,200
Work-in-progress – projects related		161,966		194,353
– factory related		197,676		278,749
		582,661		888,302

(v) *Purchases*

Refer note (a) below Class of goods	30 September 2000		30 September 1999	
	Quantity	Value	Quantity	Value
		Rs'000		Rs'000
Towards projects execution (CIF value of imports Rs. 216,200,000; 1999: Rs. 253,800,000)		279,216		682,292

Siemens Ltd.

(vi) Capacities and Production

Refer note (b) below

Class of goods manufactured	Unit	30 September 2000			30 September 1999		
		Annual licensed capacity	Annual installed capacity (refer note c below)	*Actual production	Annual licensed capacity	Annual installed capacity (refer note c below)	*Actual production
Switchgear items	Nos	11,084,000	4,739,700	3,609,294	11,084,000	4,739,700	3,212,705
Electric motors/generators	Nos	14,000	15,860	10,628	14,000	15,860	8,194
Switchboards, control boards and miscellaneous accessories	Nos	5,840 (Boards)	9,000 (Boards)	823 (Boards)	5,840 (Boards)	9,000 (Boards)	1,072 (Boards)
X-Ray equipment	Nos	520	1,283	661	520	1,283	695
Electromedical equipment	Nos	245	450	96	245	450	-
Measuring and control instrument	Nos	47,677	64,900	8,066	47,677	64,900	9,518
Railway signalling equipment and static converters for railways	Nos	58,320	72,740	32,224	58,320	72,740	25,345
Rectifier cubicles and miscellaneous equipment	MW	64.5	64.5	2.9	64.5	64.5	0.715
Variable speed AC/DC drive systems, motor control modules and programmable control systems	Nos	6,248	6,248	493	6,248	6,248	488
AC/DC machines	Nos	1,250	925	-	1,250	925	-
Protection systems	Nos	100	100	-	100	100	-
Data acquisition, logging and control systems	Nos	50	50	5	50	50	18
Uninterrupted power supply systems	Nos	**NA	690	-	**NA	690	-
EPABX/EPAX/Intercom and key telephone systems	Lines	**NA	40,000	-	**NA	40,000	-
Digital electronic switching systems	Lines	**NA	680,000	-	**NA	680,000	-
Transmission Equipment	Nos	**NA	500	-	**NA	500	-
Medical electronic diagnostic equipment	Nos	**NA	209	-	**NA	209	69
Optical fibre cables	Fib Kms	**NA	Nil	-	**NA	Nil	-
Solar products/systems	KW	**NA	Nil	-	**NA	Nil	-
Wiring harness assembly	Nos	30,000	30,000	-	30,000	30,000	3,776
Electronic Measurand Converter	Nos	1,277	1,277	24	1,277	1,277	-
Process Controller	Nos	3,048	3,048	-	3,048	3,048	-
Miscellaneous Accessories	Nos	1,000	1,000	43	1,000	1,000	-

* Inclusive of captive consumption and for exports

** As per prevailing Industrial Licensing Policy, no Industrial License is required.

Notes to the financial statements for the year ended 30 September 2000 (Currency: Indian rupee)

Notes:

- For paragraph 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the classes of goods dealt with by the Company are grouped under suitable product heads. In terms of note 3 to paragraph 3 of Part II of Schedule VI, disclosures by quantity are restricted to those items/articles which individually account for 10% or more of the total sales and services, purchases or closing stocks as applicable.
- For paragraph 4C, of Part II to Schedule VI to the Companies Act, 1956, the goods manufactured by the Company are grouped as per the classification of Industrial Licenses without giving the individual articles covered by each license.
- Installed capacities are as certified by the Managing Director and have not been verified by the Auditors, as this is a technical matter.
- Sales and services are inclusive of equipment supplied for project orders. Purchases, production and closing stock figures include equipment processed or to be supplied for project orders.
- Components and spare parts referred to in paragraph 4D(c) of Part II to Schedule VI are assumed to be those used in the manufacture of finished products and not those used for repairs and maintenance of plant and machinery.

27 Prior year comparatives

Prior year figures have been reclassified where necessary to conform with the current year's presentation.

28 Balance sheet abstract and Company's general business

I. Registration Details	
Registration No.	10839
State code	11
Balance sheet date	30 09 2000
	Date month year

II. Capital raised during the year (Amount in Rs. thousands)	
Public issue	Rights issue
Nil	70,972
Bonus issue	Private placement
Nil	Nil

III. Position of mobilization and deployment of funds (Amount in Rs. thousands)	
Total liabilities	Total assets
3,257,241	3,257,241
Source of funds	
Paid-up capital	Reserves and surplus
354,942	2,480,817
Secured loans	Unsecured loans
169,723	251,759

Siemens Ltd.

Application of Funds

Net fixed assets	Investments
2,450,130	543,984
Net current assets	Miscellaneous expenditure
263,127	Nil
Accumulated loss	
Nil	

IV. Performance of company (Amount in Rs. thousands)

Turnover	Total expenditure
11,729,138	10,937,797
+/- Profit/loss before tax and exceptional items	+/- Profit/loss after tax and exceptional items
+ 791,341	+ 840,043
(Please tick appropriate box + for Profit, - for Loss)	
Earning per share in Rs.	Dividend rate %
23.88	65

V Generic names of three principal products/services of Company

(As per monetary terms)

Item code no (ITC code)	854800
Product description	Electrical part of machinery or apparatus
Item code no (ITC code)	903289
Product description	Electronic automatic regulators
Item code no (ITC code)	902210
Product description	X-Ray apparatus

Ashok P. Jangid
Corporate Secretary

For Siemens Ltd.

Dr. F. A. Mehta
J. Schubert
W. A. Kroll
S. K. Thackersey
D. C. Shroff
Y. H. Malegam
P. M. Thampi
A. B. Nadkarni
Harinder Singh
O. P. Narula

Chairman
Managing Director
Executive Director

Directors

Mumbai
9 November 2000

Statement Regarding Subsidiary Companies pursuant to Section 212(1) and (3) of the Companies Act, 1956

Siemens Information Systems Ltd.

- a) Holding Company's Interest: 5,100,000 Equity Share of Rs.10 each fully paid-up (i.e. 74.8% of the paid-up Equity Capital)
- b) Net aggregate amount of the Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts (so far as it concerns the members of Siemens Ltd.):
- | | |
|---|----------------|
| (i) For the Subsidiary's financial year ended 30th September 2000 | Rs.170,176,732 |
| (ii) For its previous financial year | Rs.178,875,224 |
- c) Net aggregate amount of the Subsidiary's profits/(losses) dealt with in the Holding Company's accounts (so far as it concerns the members of Siemens Ltd.):
- | | |
|---|----------------|
| (i) For the Subsidiary's financial year ended 30th September 2000 | Rs.111,690,000 |
| (ii) For its previous financial year | Rs.112,200,000 |

Ashok P. Jangid
Corporate Secretary

For Siemens Ltd.

Dr. F. A. Mehta Chairman
J. Schubert Managing Director
W. A. Kroll Executive Director
S. K. Thackersey
D. C. Shroff
Y. H. Malegam
P. M. Thampi
A. B. Nadkarni
Harminder Singh
O. P. Narula

Directors

Mumbai
9 November 2000

General Shareholder Information

Siemens Ltd.

Annual General Meeting

The Forty-third Annual General Meeting of the Shareholders of the Company will be held on Friday, 15th December, 2000 at 3.00 p.m.

Venue: Yashwantrao Chavan Pratishthan Auditorium, Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.

Agenda: Ordinary Business: Adoption of audited Accounts for the year ended 30th September, 2000, declaration of dividend, re-appointment of Directors retiring by rotation and appointment of Auditors.

Special Business: Appointment of Directors and remuneration of Whole-time Directors. Special Resolution for payment of commission to Non-executive Directors.

Book Closure

The Company's Register of Members and Share Transfer Books will remain closed from Tuesday, 28th November, 2000 to Friday, 15th December, 2000, both days inclusive for the purpose of dividend.

Dividend

The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid at par on or after 28th December, 2000 to those Shareholders whose names appear on the Company's Register of Members as holders of Equity Shares on 15th December, 2000. In respect of Shares held in demat mode, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

Electronic Clearing Service (ECS)

To ensure expeditious credit of dividend and to avoid fraudulent misuse, delay or loss of dividend warrants in transit, the Company has provided a facility to the Shareholders for receipt of dividend by means of electronic transfer. Shareholders are requested to intimate their mandate to the Registrar and Share Transfer Agent - MCS Ltd. in the ECS Mandate Form which has been sent to you along with this Annual Report.

Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Ltd.
Trade World
Senapati Bapat Marg
Lower Parel, Mumbai 400 013

The Delhi Stock Exchange
Association Limited
DSE House, 3/1, Asaf Ali Road
New Delhi 110 002

Calcutta Stock Exchange
Association Limited
7, Lyons Range
Calcutta 700 001

Madras Stock Exchange Ltd.
Exchange Building
11, Second Line Beach, Chennai 600 001

The Stock Exchange, Mumbai is the Company's Regional Stock Exchange. It has permitted trading of the Company's Shares in the 'A' Group. The Company's Shares are actively traded on the Stock Exchange, Mumbai and National Stock Exchange. The Company has paid the listing fees for the year 2000-2001 to all the Stock Exchanges where the Company's Shares are listed.

Stock Code

The Stock Codes for the Company's Shares are as follows:

The Stock Exchange, Mumbai - 550
National Stock Exchange of India Ltd. - SIEMENS E Q

The ISIN Nos. for the Company's Shares in demat mode are as follows:

INE 003 A01016 (for old Shares)
IN 9003 A01014 (for new Rights Issue Shares)

With effect from commencement of Book Closure period on 28th November, 2000, single ISIN No. INE 003 A01016 will be applicable.

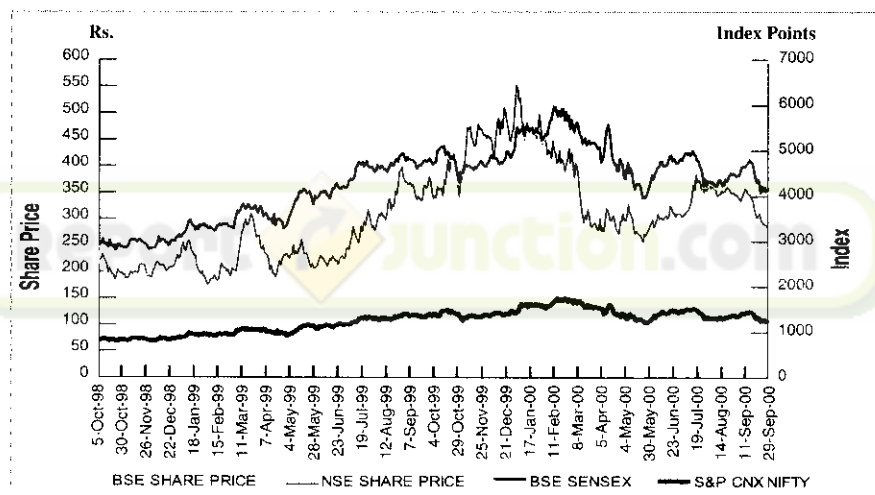
Details of Shares traded

Shares traded during 1st October, 1999 to 30th September, 2000

	Stock Exchange, Mumbai	National Stock Exchange
No. of Shares traded	34,710,216	19,520,022
Highest Share Price	Rs.572.00	Rs.564.80
Lowest Share Price	Rs.253.20	Rs.251.15
Average Share Price	Rs.369.41	Rs.369.82
Closing Share Price as on 29 th September, 2000	Rs.284.60	Rs.286.90

Market Capitalisation as on Friday, 29th September, 2000 was Rs.10101.6 million on the Stock Exchange, Mumbai and Rs.10183.2 million on the National Stock Exchange.

Share Price Movement



Distribution of Shareholding

Shares held	30 th September, 2000				30 th September, 1999			
	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
1-500	48,205	94.90	4,952,327	13.95	44,128	95.04	4,503,278	15.85
501-1000	1,610	3.17	1,117,852	3.15	1,461	3.15	1,020,465	3.60
1001-2000	614	1.21	847,925	2.39	483	1.04	661,957	2.34
2001-3000	123	0.24	301,694	0.85	129	0.28	318,401	1.12
3001-4000	58	0.11	201,288	0.57	44	0.09	156,295	0.55
4001-5000	33	0.07	152,899	0.43	30	0.06	139,876	0.49
5001-10000	65	0.13	445,903	1.25	64	0.14	483,011	1.70
10001 & above	88	0.17	27,474,309	77.41	95	0.20	21,113,717	74.35
Total	50,796	100.00	35,494,197	100.00	46,434	100.00	28,397,000	100.00

Shareholders' Profile

As on 30th September, 2000, the Company had 50,796 Shareholders. The Company's Shares are held by diverse entities as per the following break-up:

Type of Shareholder	30 th September, 2000		30 th September, 1999	
	No. of Shares held	% of total	No. of Shares held	% of total
Siemens AG	18,103,087	51.00	14,482,470	51.00
Foreign Institutional Investors	1,370,054	3.86	574,370	2.02
Mutual Funds	1,571,892	4.43	1,015,824	3.58
Indian Financial Institutions	4,295,561	12.10	3,058,776	10.78
Banks	21,912	0.06	69,380	0.24
Directors & Associates	39,139	0.11	52,097	0.18
Non-Resident Indians	100,139	0.28	69,042	0.24
Bodies Corporate (excluding NSDL Shares in transit)	1,575,060	4.44	1,967,348	6.93
NSDL Shares in transit	610,558	1.72	13,279	0.05
Public	7,806,795	22.00	7,094,414	24.98
Total	35,494,197	100.00	28,397,000	100.00

Registrar and Share Transfer Agent

MCS Ltd. is the Registrar and Share Transfer Agent. Share transfers, dividend payment and all other investor related activities are attended to and processed by MCS Ltd. at the following address:

Sri Venkatesh Bhavan, Plot No. 27, Road No.11, MIDC Area, Andheri (E), Mumbai 400 093. Phone: 0091 22 8215235 (6 lines) Fax: 0091 22 8350456 Time: 10 a.m. to 1 p.m. and 1.30 p.m. to 4.30 p.m. (Monday to Saturday)

Share Transfer System

Transfers of Shares are processed by MCS Ltd. and approved by the Share Transfer Committee which usually meets fortnightly. Transfers of Shares are effected and Share Certificates are despatched within a period of 25-30 days from the date of receipt, if the relevant documents are complete in all respects.

The total number of Shares transferred during the last 2 financial years were as follows:

	1999-2000	1998-1999
Number of transfers	16,741	29,736
Number of Shares transferred	1,020,112	1,665,624

Redressal of Investors' complaints

Barring certain cases pending in Courts / Consumer Forums, relating to disputes over the title to Shares in which the Company has been made a party, the Company / MCS Ltd. attends to most of the investors grievances / correspondences within a period of 10-15 days from the date of their receipt either at the office of the Company or at MCS Ltd.'s office. Your Company and MCS Ltd. are making further attempts to ensure that grievances are expeditiously redressed.

A statement of the various complaints received and cleared by the Company during the last 2 years is given below:

Nature of Complaints	1999-2000		1998-1999	
	Received	Cleared	Received	Cleared
Non-receipt of share certificates duly transferred	85	82	290	284
Non-receipt of dividend warrant	19	19	33	33
Letters from SEBI	24	24	15	14
Letters from Stock Exchanges	8	8	6	6
Letters from Department of Company Affairs	1	1	1	1

Dematerialisation of Shares

Your Company was amongst the first to sign a tripartite agreement with National Securities Depository Limited in October, 1996 for joining the Depository System. Your Company has also signed a tripartite agreement with Central Depository Services (India) Limited in February, 1999. As directed by SEBI, trading in the Shares of the Company has compulsorily to be in dematerialised form for all the investors with effect from 29th November, 1999. As on 30th September, 2000, 38% of the total Shares of the Company have been dematerialised (77.55% if 51% holding of Siemens AG is excluded).

Plant & Office Locations

Works

Maharashtra:

Aurangabad - Waluj

Nashik - Ambad

Thane - Kalwa

West Bengal: Joka - 24 Parganas

Goa: Verna

Registered and Corporate Office

130, Pandurang Budhkar Marg, Worli, Mumbai 400 018, India. Phone: 0091 22 493 1350/60 Fax: 0091 22 495 0552.

Head Office

Plot 2, Sector 2, Kharghar Node, Navi Mumbai 410 210, India.

Sales Offices

Ahmedabad, Bangalore, Baroda, Calcutta, Chandigarh, Chennai, Coimbatore, Hyderabad, Mumbai, New Delhi and Pune.

Internet Website

Company's internet home page can be accessed at www.siemens.co.in for information about the Company in general, shareholder information, financial results, etc.

Corporate Secretariat Department

The Corporate Secretariat Department headed by Mr. Ashok P. Jangid, Corporate Secretary, is situated at 130, Pandurang Budhkar Marg, Worli, Mumbai 400 018. Phone: 0091 22 4934652 Fax : 0091 22 4937433

Investor Relations Section

For the convenience of our investors, transfer requests, etc. are accepted at the Registered Office also.

Contact Persons: Mr. Ashok P. Jangid - Corporate Secretary (Compliance Officer)

Mr. G. Subramani - Senior Manager (Investor Relations Officer)

Time: 10 a.m. - 12 noon and 2 p.m. - 4 p.m. on all working days (Saturday and Sunday closed)

Phone: 0091 22 4941836 / 4987173 Fax: 0091 22 4937433

E-mail: Subramani.Gopal@bom2.siemens.co.in

Siemens Information Systems Ltd. (SISL)
Thirteenth Annual Report
for the year ended 30 September 2000



Siemens Information Systems Ltd.

Board of Directors

Chairman

J. Schubert

Managing Director

A. R. Laud

Directors

A. S. Viswanathan
(Whole-time Director)

W. A. Kroll

Company Secretary

B. R. Nagaraja

Bankers

Citibank N. A.

Deutsche Bank AG

State Bank of India

Bank of America NT & SA

Auditors

Bharat S Raut & Co.

Solicitors

Crawford Bayley & Co.

Registered & Corporate Office

130, Pandurang Budhkar Marg,
Worli,
Mumbai 400 018

Software Centres & Sales Offices

Bangalore

Calcutta

Chennai

Gurgaon

Mumbai

New Delhi

Pune

Report  Junction.com

Directors' Report

SISL

The Directors have pleasure in presenting the Thirteenth Annual Report together with the audited statement of accounts for the period ended 30 September, 2000:

Financial Results

	Rs. in Million	
	30th September, 2000	30th September, 1999
Total Income	1792.03	1669.10
Total Expenditure	1564.52	1429.97
Net Profit for the year	227.51	239.13

Appropriation

Interim dividend paid	133.03	136.30
Final dividend proposed/paid	12.27	16.22
Dividend tax	18.01	15.41
Transfer to general reserve	22.75	23.91
Retained earning carried forward	41.45	47.30

Operations

The Company has once again recorded growth in this financial year despite a slowdown in the early part of the year in the aftermath of the Y2K effect. The total income recorded for this financial period was Rs.1792.03 million, as against Rs.1669.10 million for the corresponding period in the previous year.

The operating profit for this financial period was to the tune of Rs.227.51 million which is 12.7% of the total income.

Dividend

An interim dividend of Rs.19.5 per equity share was declared in March 2000. After considering the profitability and planned investments, your Directors recommended a final dividend of Rs.1.8 per equity share for the year ended September 30, 2000.

Business Development

Domestic

Domestic business accounted for approximately 39% of the total income for this financial year.

In the area of Business Solutions for SAP R/3 implementation, your Company has once again received many prestigious projects from diverse industry verticals like newspapers, chemicals & fertilisers and engineering.

In the domestic market, your Company entered the area of implementation for specific industry groups, two major areas being:

- A Media solution for printing and related industries
- A Utilities solution for electric/gas utility companies

SISL has secured an order from the Times of India, the largest selling English Broadsheet daily in the world. It is the first site in Asia region for a complete Media Solution, comprising Media Advertising Management and Pre-Press solutions.

In addition, orders were received from a large number of organisations during the year: M/s Osram, Jet Airways, E-Merck, Hero Honda Motors, Mastek, S.Kumar, Gujarat Narmada Fertiliser Company.

The last year launched activity of Sapien College – an Authorised Training Centre for SAP courses, has gathered momentum and is expected to further grow in the coming years. Your Company has further entered into an MoU with Wave Technology International for sales and marketing of Wave courses in India and in the SAARC Countries.

Your Company successfully implemented Supply Chain Optimization tools in a key reference project of M/s Asian Paints Ltd. Further forays into the export market are expected.

In the field of Hospital Management Systems, implementation of the prestigious Bhopal Hospital project is well under way and similar inroads are planned in the new business year.

In the field of Graphic Products, further to the previous orders from the M.P and U.P Forestry Boards, this year we received an order from the Kerala Government for a Land Management System solution. The Graphic Products Division offers world-class products like SICAD LAND and CARIS for GIS (Geographical Information Systems) and Metaphase for PDM. Our customers in the area include the Directorate of Naval Design, BHEL, NTPC, IITL, PTL, Emco Elecon in India and Jaguar, Daewoo Heavy Industries, Bosch, KWU, Rolls Royce and Boeing in other countries. In Visual Simulation, our customers are Krauss Maffei and Siemens in Germany.

The IT Services and Integration business division embarked on a program to enhance the service and solutions offerings to address the wide ranging customer requirements. To address the high-end requirements, the IT Services division partnered with SUN, a leader in the Unix market-place. The systems-integration team has moved towards project management and positioning as EAI (Enterprise Applications Integrator) covering both ERP and Non-ERP environments, LAN and WAN projects. The

BEACON (Business Application Solution) team successfully implemented a very large project covering over 65 locations at Venkateswara Hatcheries. The PAMS team (payroll administration and management systems) enhanced the functionality to incorporate HR modules and the same has been successfully implemented in Thermax. Further new sites where the same has been implemented are Haldia Petro, JetAir, Thomas Cook, Cadbury and many other customers. Reskilling is now being done with Java skills so that functionality improves in the web-enabled world. The team has also enhanced offerings in workflow related requirements in ERP installations.

In the Telecom area, we have consolidated our position through further orders from the Railways, Department of Telecommunications (DoT) and GSM cellular operators.

Export

Export business accounted for 61 % of the total income in the financial period under review.

A majority of these orders consisted of large implementation projects in the areas of customized software development. The period under review also witnessed a major sales from the Healthcare group – in software development for Siemens Medical Systems besides projects for the Automotive division. Similarly, there is an enhancement of the order book through good orders from UK National Savings Scheme Premium Bond Administration. This has increased our penetration and visibility in the UK.

In the export market, the business solutions group secured deputation in the Supply Chain Management area. Our i2 solution consultants have done projects in Mexico, Korea, USA, Phillipines, Thailand and Germany. This breakthrough is expected to lead to more export orders.

In IT services, based on the experience in the domestic market, plans have been finalised for penetration into the export markets, mainly the USA.

All the above have been important contributors to the income from export to the tune of Rs.1076 million.

Your Company successfully implemented an integrated GSM administration and Billing system for Reliance Telecom on behalf of SBS Germany for its seven cellular circles. The solution is scalable upto 500,000 subscribers and has as many as 20 billing cycles in a month. The unique feature of this solution is that it caters to multiple switches distributed over different geographical locations and works in a LAN/WAN environment. Your Company on successful implementation of this project, plans to look at cellular markets in Latin America and Africa besides the replacement market in India.

The EAI initiative of SBU 'Large Projects' in the e-Business area and related software engineering services has shown very good results last year with new orders worth around Rs.200 million from SBS@NS (a public-private partnership between SBS and National Savings in the UK). The SBU has got orders in this area from other customers too. In addition, it has further consolidated its exclusive position with Siemens AG and other partner company RailConsult GmbH as Application Integrator in the area of Ticketing Systems by winning strategic orders from both Netherlands and Germany.

SISL has shared its contributed skilled specialists to ICN and ICM in the areas of call center integration and radio communication system development/integration.

Quality

We have come a long way from the initial steps taken a few years ago for process improvement as per SEI's Capability Maturity Model. Two years ago, we had conducted an internal assessment with the help of ZT (Zentralabteilung Technik from Siemens AG) which revealed that the quality system contains most elements of Level 2 ('repeatable') requirements, some elements of Level 3 ('defined') requirements and a few elements of Level 4 ('managed') requirements. However, no formal assessment by an external assessment agency was then made. This was done in the last year and we are pleased to inform you that one more important milestone has been achieved. Our major development centre at Bangalore has been assessed at Level 4 on SEI's Software Engineering Capability Maturity Model. This SEI recognition was bestowed upon us by the recognised assessors M/s. Global System Technology Inc.

Future Prospects

The economy has stabilised and is already on the path of growth especially in the area of software. Competition, however continues to intensify in all areas.

We continue to retain our pioneer status in SAP implementation and consulting in India; this has ensured the largest market share in the domestic market, besides a large pool of SAP Consultants. These strengths enable us to tap the export market opportunities which have been on a rise in the recent times. We intend to maintain this forward movement and further reinforce the same with investments in key industry verticals and specialized domains as required.

The Company also has made sustained HR initiatives to increase retention rates and to leverage its IT expertise for further process improvement and information access and flow across different Strategic Business Units (SBUs) for better informed decisions.

Directors' Report (*Continued*)

SISL

Investments

The Company made capital investments to the tune of Rs.90 million in the financial period under review, mainly in computers, servers and to upgrade the technology as also as replacement for older models. This has helped the Company to improve the speed of the internal access systems and connectivity. The implementation of VoIP has produced a reduction in telephone and communication costs.

Your Company will continue to invest in upgrading the existing computer equipment, hardware and infrastructure to maintain a state-of-the-art facility for software development.

Research & Development

The R&D efforts of your Company span a comprehensive programme in the field of software development across major technologies and products.

Major initiatives in this year in the R&D field include achievements made by your Company in the areas of Health Care Systems and in Telephony Voice over IP. The HMS (Hospital Management System) is developed for back office and front office application in medium to large hospitals leading to better patient care. The developed product was purchased by Siemens AG for worldwide marketing.

In telephony, an inhouse system using voice cards has been developed. Already the same has been installed within the house of SISL and has resulted in cost reductions in communications. The same is now ready for exposure to the open market and we expect a good growth in this area.

The expenditure incurred during the financial year on account of R&D was to the tune of Rs.2.168 million.

Conservation of Energy

The operation of the Company involves low energy consumption. Adequate measures have however been taken to reduce energy consumption and encourage conservation.

Foreign Exchange Earnings & Outgoings

This information has been furnished in the notes of accounts vide item (v) and (vi) of Note 21.

Employees

The management-employee relations have been on an excellent level.

The Board of Directors would like to express their sincere appreciation for the dedicated team-work seen over the fiscal period under review. This would not have been possible without the hard work and contribution from employees at all levels. Particulars of employees as required under section 217 (2A) of the Companies Act 1956 read with the Companies Rules, 1988 (particulars of the employees) are set out in the Annexure forming a part of this report.

Directors

Mr. Graham Paxton resigned from the Board of Directors with effect from 1 November, 2000. The Board places on record its appreciation for the support and guidance given by Mr. Paxton.

Mr. Juergen Mohr resigned from the Board of Directors with effect from 1 October, 2000. The Board places on record its appreciation for the support and guidance given by Mr. Mohr.

Mr. Schubert retires by rotation and being eligible, offers himself for re-appointment.

Auditors

M/s Bharat S Raut & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors,



J. Schubert
Chairman

Mumbai,
8 November, 2000

Report of the Auditors to the Members of Siemens Information Systems Ltd.

We have audited the attached Balance Sheet of Siemens Information Systems Ltd. ('the Company') as at 30 September 2000 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph (1) above:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet and Profit and Loss account comply with the accounting

standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;

- (e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - in case of the Balance Sheet, of the state of affairs of the Company at 30 September 2000; and
 - in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Bharat S Raut & Co.
Chartered Accountants

Abizer Diwanji
Partner

Mumbai
8 November 2000

Annexure to the Auditors' report

With reference to the annexure referred to in paragraph 1 of the report of the auditors to the members of Siemens Information Systems Ltd. on the accounts for the year ended 30 September 2000, we report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As per the Company's programme, physical verification of fixed assets at each location is done once in three years, which in our opinion is reasonable. Accordingly, the fixed assets of Mumbai location are currently in the process of being verified. No material discrepancy has been noticed in respect of fixed assets verified to date.
2. None of the fixed assets have been revalued during the year.
3. The stock of dialogic cards has been physically verified by the management during the current year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion, the procedures for the physical verification of dialogic cards stock followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies were identified on physical verification of dialogic cards stock between physical stocks and book records.
6. On the basis of our examination of dialogic cards stock, in our opinion, the valuation of such stock is fair and proper in accordance with normally accepted accounting principles, and is on the same basis as in the previous year.

Annexure to the Auditor's report (*continued*)

SISL

7. The Company has not taken any loan secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
9. The employees to whom loans or advances in the nature of loans have been given by the Company are generally regular in repaying the principal amounts and also interest as stipulated.
10. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures for the purchase of dialogic cards stock, plant and machinery, equipment and other assets and for the sale of services.
11. We are informed that there are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
12. The Company has a regular procedure for the determination of unserviceable or damaged dialogic cards stock and adequate provision is made in the accounts for the loss arising on the items so determined.
13. We are informed that the Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
15. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any product of the Company.
16. According to the records of the Company, provident fund and employees state insurance dues have generally been regularly deposited with the appropriate authorities.
17. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty which are outstanding at 30 September 2000 for a period of more than six months from the date they became payable.
18. On the basis of our examination of the books of account, and according to the information and explanations given to us, no personal expenses have been charged to the profit and loss account other than those payable under contractual obligation or in accordance with generally accepted business practice.
19. The Company is not a sick industrial Company within the meaning of clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. With regard to service activities of the Company, in our opinion:
 - i) the Company has a reasonable system for recording receipts and issues of dialogic cards to individual jobs;
 - ii) the Company has a reasonable system of allocating man-hours utilised to the relative jobs, commensurate with the size and nature of its business; and
 - iii) there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business, for allocation of staff costs to jobs.
21. The matters specified in clause (xiv) of Paras 4(A), 4(C), 4(D) of the aforesaid order are not applicable to the Company in the current year.

For Bharat S Raut & Co.
Chartered Accountants

Abizer Diwanji
Partner

Mumbai
8 November 2000

Balance Sheet
at 30 September 2000
(Currency: Indian rupee)

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	68,150	68,150
Reserves and surplus	4	429,112	364,917
		497,262	433,067
Loan funds			
Secured loans	5	42,685	3,397
		539,947	436,464
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	614,306	557,902
Less: Accumulated depreciation		371,800	317,052
Net block		242,506	240,850
Capital work-in-progress		1,959	2,009
		244,465	242,859
Current assets, loans and advances			
Inventories	7	7,485	3,420
Sundry debtors	8	551,475	442,842
Cash and bank balances	9	52,805	202,348
Unbilled receivables		87,026	16,851
Loans and advances	10	135,151	104,524
		833,942	769,985
Less: Current liabilities and provisions			
Current liabilities	11	520,413	555,101
Provisions	12	18,047	21,279
		538,460	576,380
Net current assets		295,482	193,605
		539,947	436,464

The accompanying notes form an integral part of this balance sheet.
As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

B. R. Nagaraja
Company Secretary

Abizer Diwanji
Partner

Mumbai
8 November 2000

For Siemens Information Systems Ltd.

J. Schubert Chairman

A. R. Laud Managing Director

A. S. Viswanathan
W. A. Kroll } Directors

Mumbai
8 November 2000

Profit and Loss Account
for the year ended 30 September 2000
(Currency: Indian rupee)

SISL

	Note	30 September 2000 Rs '000	30 September 1999 Rs '000
Income			
Sales and services		1,778,869	1,641,904
Other income	13	13,162	27,200
		1,792,031	1,669,104
Expenditure			
Direct cost of sales and services	14	578,013	562,184
Personnel cost	15	498,695	422,945
Other costs	16	396,619	347,280
Depreciation	6	84,151	92,325
Interest		7,044	5,232
		1,564,522	1,429,966
Net profit for the year		227,509	239,138
Profit and loss account, brought forward		182,855	135,561
Less: Appropriations			
Proposed dividend		12,267	16,216
Interim dividend paid		133,033	136,300
Dividend tax		18,014	15,414
Transfer to general reserve		22,751	23,914
Profit and loss account, carried forward		224,299	182,855

The accompanying notes form an integral part of this profit and loss account.

As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

B. R. Nagaraja
Company Secretary

Abizer Diwanji
Partner

Mumbai
8 November 2000

For Siemens Information Systems Ltd.

J. Schubert Chairman

A. R. Laud Managing Director

A. S. Viswanathan
W. A. Kroll } Directors

Mumbai
8 November 2000

Notes to the financial statements for the year ended 30 September 2000 (Currency: Indian rupee)

1 Background

Siemens Information Systems Limited ('SISL' or 'the Company') is a subsidiary of Siemens Limited, which holds 74.8% of its share capital. The balance 25.2% is held by Siemens Nixdorf Systems AG, which is a fully owned subsidiary of Siemens AG.

The Company is engaged in software development and consultancy services. SISL is spread over six business areas at Mumbai, Chennai, Bangalore, Delhi, Pune, Calcutta and the head office at Mumbai.

2 Principal accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956.

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

2.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. For additions and disposals, depreciation is provided pro-rata for the period of use.

Depreciation is provided on the straight-line method (SLM) at the following annual rates:

Asset	Rate
Buildings	5%
Electrical installations	20%
Plant and machinery	20%
Furniture, fittings and office equipment	20%
Workplace computers	33.33%
Vehicles	25%

Software initially purchased together with workplace computers and training related software are capitalised and depreciated at the rates applicable to workplace computers. Software purchased subsequently is charged directly to revenue.

2.3 Inventories

Bought out software and hardware is valued at the lower of cost and net realisable value.

2.4 Revenue recognition

Revenue on time and material based contracts is recognised periodically on the basis of the time charged in accordance with agreements with customers.

Revenue from fixed price contracts is recognised using the percentage of completion method of accounting, under which the sales value of performance, including earnings thereon is determined by relating the actual man hours of work performed to date to the estimated total man hours for each contract. Provision for estimated losses on uncompleted contracts are recorded in the period in which such losses become probable based on current contract estimates.

Unbilled receivable represent costs incurred and revenues recognised on contracts, to be billed in subsequent periods as per the terms of the contract.

Billings in excess of revenue earned represent amounts billed to the customers in excess of revenues earned.

Until the previous year, the unbilled receivables in respect of fixed price contracts were valued at cost. During the current year, the Company has included attributable profit margins in determining the value of unbilled receivables. Due to the above change in the method of valuation of unbilled receivables, the net profit for the year and reserve and surplus are higher by Rs.23.87 million.

2.5 Retirement benefits

Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are made.

Gratuity and leave encashment costs, which are defined benefits, are based on an actuarial valuation carried out by an independent actuary.

Provision for superannuation is made as per the contractual terms, duly taking into account, the limits specified under the Indian Income Tax Rules, 1962.

2.6 **Research and development**

Research and development expenditure of a revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is capitalised to fixed assets.

2.7 **Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange rate difference arising on foreign exchange transactions settled during the year are recognised as income or expense in the profit and loss account of the same period. Foreign exchange denominated current assets and current liabilities are translated at the year end exchange rates. All exchange gains/losses are recognised in the profit and loss account.

	30 September 2000 Rs '000	30 September 1999 Rs '000
3 Share capital		
Authorised		
900, 9% Non-cumulative redeemable preference shares of Rs 10 each	9	9
10,000,000 equity shares of Rs 10 each	100,000	100,000
Issued		
10,000,000 (1999 : 10,000,000) equity shares of Rs 10 each fully paid-up	100,000	100,000
Subscribed and paid-up		
6,815,000 (1999: 6,815,000) equity shares of Rs 10 each fully paid-up	68,150	68,150
Of these shares		
5,100,000 (1999: 5,100,000) equity shares of Rs 10 each are held by the holding company, Siemens Ltd.		
4 Reserves and surplus		
Capital redemption reserve	9	9
General reserve		
- Balance brought forward	182,053	158,139
- Transfer from Profit and loss account	22,751	23,914
	204,804	182,053
Profit and loss account	224,299	182,855
	429,112	364,917
5 Secured loans		
Bank overdraft	42,685	3,397

The bank overdraft is secured by hypothecation of book debts, all movable and tangible assets of the Company and is repayable on demand.

Notes to the Financial Statements
for the year ended 30 September 2000 (*continued*)
(Currency: Indian rupee)

6 Fixed assets

Rs '000

	Land and Building	Plant and Machi- nery	Electrical installations	Furniture, fittings and office equipment	Vehicles	Total	Previous year
Gross block							
At 01 Oct., 99	129,083	360,615	16,819	38,035	13,350	557,902	481,644
Additions	847	71,937	1,624	6,048	9,371	89,827	96,250
Disposals	—	13,488	7,354	10,386	2,195	33,423	19,992
At 30 Sept., 2000	129,930	419,064	11,089	33,697	20,526	614,306	557,902
Accumulated Depreciation							
At 01 Oct., 99	11,105	265,708	11,720	24,811	3,708	317,052	243,184
Charge for the year	6,352	64,802	2,420	6,022	4,555	84,151	92,325
Disposals	—	12,084	7,308	8,807	1,204	29,403	18,457
At 30 Sept., 2000	17,457	318,426	6,832	22,026	7,059	371,800	317,052
Net block							
At 30 Sept., 2000	112,473	100,638	4,257	11,671	13,467	242,506	240,850
At 30 Sept., 1999	117,978	94,907	5,099	13,224	9,642	240,850	—

Land and building includes cost of freehold land aggregating Rs. 4,418,173 (1999: Rs. Nil)

7 Inventories

Bought out software and hardware

**30 September
2000
Rs '000**

30 September
1999
Rs '000

7,485

3,420

8 Sundry debtors

(Unsecured)

- under six months
- over six months

464,665

373,256

153,806

130,014

618,471

503,270

- considered good
- considered doubtful

551,475

442,842

66,996

60,428

618,471

503,270

Less: Provision for doubtful debts

66,996

60,428

551,475

442,842

9 Cash and bank balances

Balances with scheduled banks

- On current accounts
- On deposit accounts

49,767

56,262

3,038

146,086

52,805

202,348

30 September 2000 Rs '000	30 September 1999 Rs '000
---------------------------------	---------------------------------

10 Loans and advances

(unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received

Income-tax deducted at source

Advance payments of income-tax

112,033	81,052
20,778	21,165
2,340	2,307
135,151	104,524

Advances recoverable in cash or in kind or for value to be received includes amount due from Directors: Rs.4,145,744 (1999: Rs.Nil).

Maximum amount outstanding during the year in respect of the above: Rs.4,316,667 (1999: Rs.Nil)

11 Current liabilities

Sundry creditors

Billing in excess of revenue earned

Interim dividend

Advances from customers

510,751	524,102
2,526	—
—	17,150
7,136	13,849
520,413	555,101

12 Provisions

Proposed dividend

Leave encashment

12,267	16,216
5,780	5,063
18,047	21,279

13 Other income

Commission

Interest income (includes tax deducted at source Rs.75,386; 1999: Rs.195,337)

Profit on sale of fixed assets

Miscellaneous income

—	10,665
6,491	12,161
5,111	238
1,560	4,136
13,162	27,200

14 Direct cost of sales and services

Overseas travel expenses

Cost of software

Cost of hardware

Travel and conveyance

Legal and professional charges

Others

94,564	161,228
154,607	185,744
135,486	64,183
117,738	101,000
57,691	37,113
17,927	12,916
578,013	562,184

Notes to the Financial Statements
for the year ended 30 September 2000 (*continued*)
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
15 Personnel cost		
Salaries and bonus	422,392	353,507
Contribution to provident and other funds	15,481	14,460
Provision for gratuity and superannuation	8,551	12,246
Staff welfare	52,271	42,732
	498,695	422,945
Personnel costs include reversal of provision aggregating Rs 17.4 million in respect of technical services rendered upto 30 September 1999, which are no longer payable by the Company.		
16 Other costs		
Rent	120,726	96,015
Travel and conveyance	80,458	74,819
Post and communication	36,703	34,947
Repairs and maintenance		
- building	25,821	20,980
- plant and machinery	9,670	4,712
- other	1,060	2,657
Legal and professional	35,494	30,890
Software consumables	9,037	23,052
Electricity	12,820	13,062
Exchange loss	11,762	7,821
Advertising and publicity	12,279	9,046
Insurance	6,097	3,975
Rates and taxes	2,574	2,199
Provision/(write back) of doubtful debts, net	6,568	(3,543)
Miscellaneous	25,550	26,648
	396,619	347,280

Miscellaneous expenses include Rs 364,041 (1999: Rs Nil) donated to Army welfare fund in the current year.

17 Income tax

Provision for income tax is determined in accordance with the provisions of the Indian Income-tax Act, 1961. Accordingly, no provision for taxation is considered necessary taking into account tax benefits available for Export Oriented Unit and Units of Software Technology Park and also the carry forward tax loss for the domestic business.

18 Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for at 30 September 2000 is Rs 6.07 million (1999: Rs 14.91 million). In addition, the financial commitment of future lease rentals at 30 September 2000 is Rs 9.49 million (1999: Rs 18.04 million).

19 Amounts due to small scale industrial undertakings

Based on the information and records available with the Company, there are no amounts payable to small scale industrial undertakings at 30 September 2000.

	30 September 2000 Rs '000	30 September 1999 Rs '000
20 Contingent liabilities		
Tax demand has been raised by the tax authorities for the assessment year 1997-98. The Company is disputing the same and therefore no provision is made in the financial statements.	4,177	4,177
Bank guarantees and letters of credit	72,429	28,266
Claims against the Company not acknowledged as debts	4,018	—
	80,624	32,443
21 Supplementary statutory information		
(i) Personnel cost includes managerial remuneration for directors as follows:		
Salary	1,980	1,710
Perquisites	1,371	1,331
Commission	1,980	1,710
Contribution to superannuation	297	205
Contribution to provident fund	238	256
	5,866	5,212
Provision for employee retirement benefits, which are based on actuarial valuation done on an overall Company basis are not included above as separate amounts for the directors are not available.		
(ii) Computation of commission to the Directors:		
Profit as per profit & loss account	227,509	239,138
Add : Director's remuneration and commission	5,866	5,212
Provision/(Reversal) for doubtful debts	6,568	(3,543)
Depreciation charged in the accounts	84,151	92,325
	324,094	333,132
Less: Depreciation as per Section 350 of the Companies Act, 1956	73,907	77,812
Net profit as per Section 349 of the Companies Act, 1956	250,187	255,320
Commission to Directors at 1% of the net profit	2501	2,553
Restricted to 100% of salary (1999:100%)	1,980	1,710
(iii) Other costs include:		
Auditor's remuneration:		
Audit fees	675	500
Tax audit	570	450
Reimbursement of expenses	95	75
	1,340	1,025
(iv) Value of imports calculated on C.I.F. basis:		
Capital goods	42,954	5,450
Spares and accessories	17,527	11,114
	60,481	16,564

Notes to the Financial Statements
for the year ended 30 September 2000 (*continued*)
(Currency: Indian rupee)

	30 September 2000 Rs '000	30 September 1999 Rs '000
21 Supplementary statutory information (continued)		
(v) Expenditure in foreign currency :		
Expenditure on projects	110,308	172,561
Travelling	79,622	84,347
License fees/Royalty (net of tax)	10,978	—
Consultancy fees	25,773	14,418
Others	36,521	24,767
	263,202	296,093
(vi) Earnings in foreign currency :		
Sales and services	1,075,522	1,068,026
(vii) Expenditure incurred on research and development		
Capital	—	2,318
Revenue	2,168	626
	2,168	2,944
(viii) Net dividend remitted in foreign exchange :		
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	1,715,000	1,715,000
Period to which dividend relates	01.10.98	01.10.97
	to	to
	30.09.99	30.09.98
Interim dividend	17,150	12,863
Final dividend	4,116	3,430
Period to which dividend relates	01.10.99	01.10.98
	to	to
	30.09.00	30.09.99
Number of equity shares held on which dividend was due	1,715,000	1,715,000
Interim dividend	33,443	17,150

22 Prior year comparatives

Prior year figures are appropriately reclassified to conform with current year's classification.

As set out in our attached report.

For Bharat S Raut & Co.
Chartered Accountants

B. R. Nagaraja
Company Secretary

Abizer Diwanji
Partner

Mumbai
8 November 2000

For Siemens Information Systems Ltd.

J. Schubert *Chairman*

A. R. Laud *Managing Director*

A. S. Viswanathan
W. A. Kroll } *Directors*

Mumbai
8 November 2000

Balance Sheet Abstract and Company's General Business for the year ended 30 September 2000
(Currency in thousands of Indian Rupees)

I Registration Details

Registration No. 11-93854

State code 011

Balance sheet date 30 09 2000
 date month year

II Capital raised during the year (Amount in Rupees thousand)

Public issue

Nil

Right issue

Nil

Bonus issue

Nil

Private placement

Nil

III Position of mobilization and deployment of funds (Amount in Rupees thousand)

Total liabilities

539,947

Total assets

539,947

Sources of funds

Paid-up capital

68,150

Reserves and surplus

429,112

Secured loans

42,685

Unsecured loans

—

Application of funds

Net fixed assets

244,465

Investments

—

Net current assets

295,482

Miscellaneous expenditure

—

Accumulated losses

—

Notes to the Financial Statements
for the year ended 30 September 2000 (*continued*)
(Currency: Indian rupee)

Balance Sheet Abstract and Company's General Business for the year ended 30 September 2000
(Currency in thousands of Indian Rupees)

IV **Performance of Company** (Amount in Rupees thousand)

	Turnover		Total expenditure
	1,792,031		1,564,522
+/-	Profit/loss before tax	+/-	Profit/Loss after tax
+	227,509	+	227,509
	Earning per share in Rs		Dividend @ %
	33		213.21

V **Generic names of three principal products/services of Company**

(As per monetary terms)

Item Code no. (ITC Code)	8473
Product description	Computer software and software services
Item Code no. (ITC Code)	—
Product description	—
Item Code no. (ITC Code)	—
Product description	—

B. R. Nagaraja
Company Secretary

For Siemens Information Systems Ltd.

J. Schubert *Chairman*

A. R. Laud *Managing Director*

A. S. Viswanathan
W. A. Kroll } *Directors*

Mumbai
8 November 2000

Your Nearest Siemens Partners

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1352-57
Fax : (022) 495 0552

Head Office:
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Navi Mumbai 410 208
☎ : (022) 757 7030-33
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Fax : (079) 658 6103

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Bangalore 561 229
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Rashbihari Bypass Connector
Calcutta 700 042
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Fax : (033) 442 1147
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Sector 34A, Guru Nanak Complex
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Box No. 7036
New Delhi 110 002
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Fax : (011) 331 4178

A-36, Mohan Co-operative &
Industrial Estate
Mathura Road,
New Delhi 110 044
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Fax : (011) 695 2168

Vasant Vihar
1205/2/6 Shirole Road
Pune 411 004
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9-1-87/119/2, 1st Floor, St. John's
Road
Secunderabad 500 025
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Vanijya Bhavan, Race Course
Road
Vadodara 390 007
☎ : (0265) 341 579
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**Software Development &
Engineering Centre**
Plot 6A, Sector 18,
Maruti Industrial Area
HUDA,
Gurgaon 122 001
Haryana
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Works
Aurangabad Works
E-76 Waluj MIDC Area
Aurangabad 431 136
☎ : (0240) 554 008/700
Fax : (0240) 555 315/6
Calcutta Works
Diamond Harbour Road
24, Parganas (South)
Joka 743 512
☎ : (033) 467 2901-08
Fax : (033) 467 2913

Goa Works
Plot No. L6
Verna Electronic City
Panaji Margao Road
Verna
Goa 403 722
☎ : (0832) 783 421
Fax : (0832) 783 422

Kalwa Works
Thane Belapur Road
P.O. Box 85
Thane 400 601
☎ : (022) 760 0001-06
Fax : (022) 760 0030

Nashik WHP
Wiring Harness Plant,
F-14, Addl. Industrial Area, MIDC
Ambad,
Nashik 422 010
☎ : (0253) 385 109, 382 496
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Nashik Works

Plot No. C-1, Additional Industrial Area

MIDC, Ambad

Nashik 422 010

☎ : (0253) 382 348/1326/1327/
2206/38 2105/1325/2542/
2429/2153/38 2082/2006

Fax : (0253) 381 262

Worli Works

130, Pandurang Budhkar Marg, Worli

Mumbai 400 018

☎ : (022) 493 2611 to 16

Fax : (022) 493 5731

Mahape Complex

P-21, T.T.C. Industrial Area

Off Thane Belapur Road, Mahape,

Navi Mumbai 400 701

☎ : (022) 768 0628/30/32/33,
7680485, 761 7729/687, 762
0471

Fax : (022) 768 0486/0629/0631

Vocational Training Centre

Mehta Estate, Mathuradas Vasanji Road

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